



CHEMED

CHEMED CORPORATION

Results as of September 30, 2019



VITAS[®]
Healthcare

Safe Harbor and Regulation G Statement

This presentation contains information about Chemed's EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS, which are not measures derived in accordance with GAAP and which exclude components that are important to understanding Chemed's financial performance. In reporting its operating results, Chemed provides EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS measures to help investors and others evaluate the Company's operating results, compare its operating performance with that of similar companies that have different capital structures and evaluate its ability to meet its future debt service, capital expenditures and working capital requirements. Chemed's management similarly uses EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS to assist it in evaluating the performance of the Company across fiscal periods and in assessing how its performance compares to its peer companies. These measures also help Chemed's management estimate the resources required to meet Chemed's future financial obligations and expenditures. Chemed's EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. We calculated Adjusted EBITDA margin by dividing Adjusted EBITDA by service revenues and sales. We calculated Adjusted EBIT margin by dividing Adjusted EBIT by service revenues and sales. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income by the number of diluted average shares outstanding, and Diluted EPS is calculated by dividing Net Income by the number of diluted average shares outstanding. A reconciliation of Chemed's net income to its EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT and Adjusted Net Income is presented in appendix tables located in the back of this presentation.

Forward-Looking Statements

Certain statements contained in this presentation and the accompanying tables are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "hope," "anticipate," "plan" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Chemed does not undertake and specifically disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are based on current expectations and assumptions and involve various risks and uncertainties, which could cause Chemed's actual results to differ from those expressed in such forward-looking statements. These risks and uncertainties arise from, among other things, possible changes in regulations governing the hospice care or plumbing and drain cleaning industries; periodic changes in reimbursement levels and procedures under Medicare and Medicaid programs; difficulties predicting patient length of stay and estimating potential Medicare reimbursement obligations; challenges inherent in Chemed's growth strategy; the current shortage of qualified nurses, other healthcare professionals and licensed plumbing and drain cleaning technicians; Chemed's dependence on patient referral sources; and other factors detailed under the caption "Description of Business by Segment" or "Risk Factors" in Chemed's most recent report on form 10-Q or 10-K and its other filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the matters contained in such statements will be achieved.

Cumulative Results Since the VITAS Acquisition

For the years ended December 31, 2003 through 2018

	(1)	(2)	(3)
	CAGR		
	One	Three	Fifteen
	Year	Year	Year
Chemed			
(1) Service revenues and sales	7.0%	4.9%	13.7%
(2) Adj. net income	42.1%	18.1%	24.1%
(3) Adj. diluted EPS from continuing operations	41.5%	19.6%	25.4%
Roto-Rooter			
(4) Service revenues and sales	12.8%	11.0%	5.5%
(5) Adj. net income	50.9%	26.7%	14.4%
VITAS			
(6) Service revenues and sales	4.3%	2.4%	6.9%
(7) Adj. net income	36.5%	13.4%	13.8%

(a) VITAS was acquired in February 2004

Chemed – Purchase of Capital Stock

For the Period January 1, 2007, through September 30, 2019

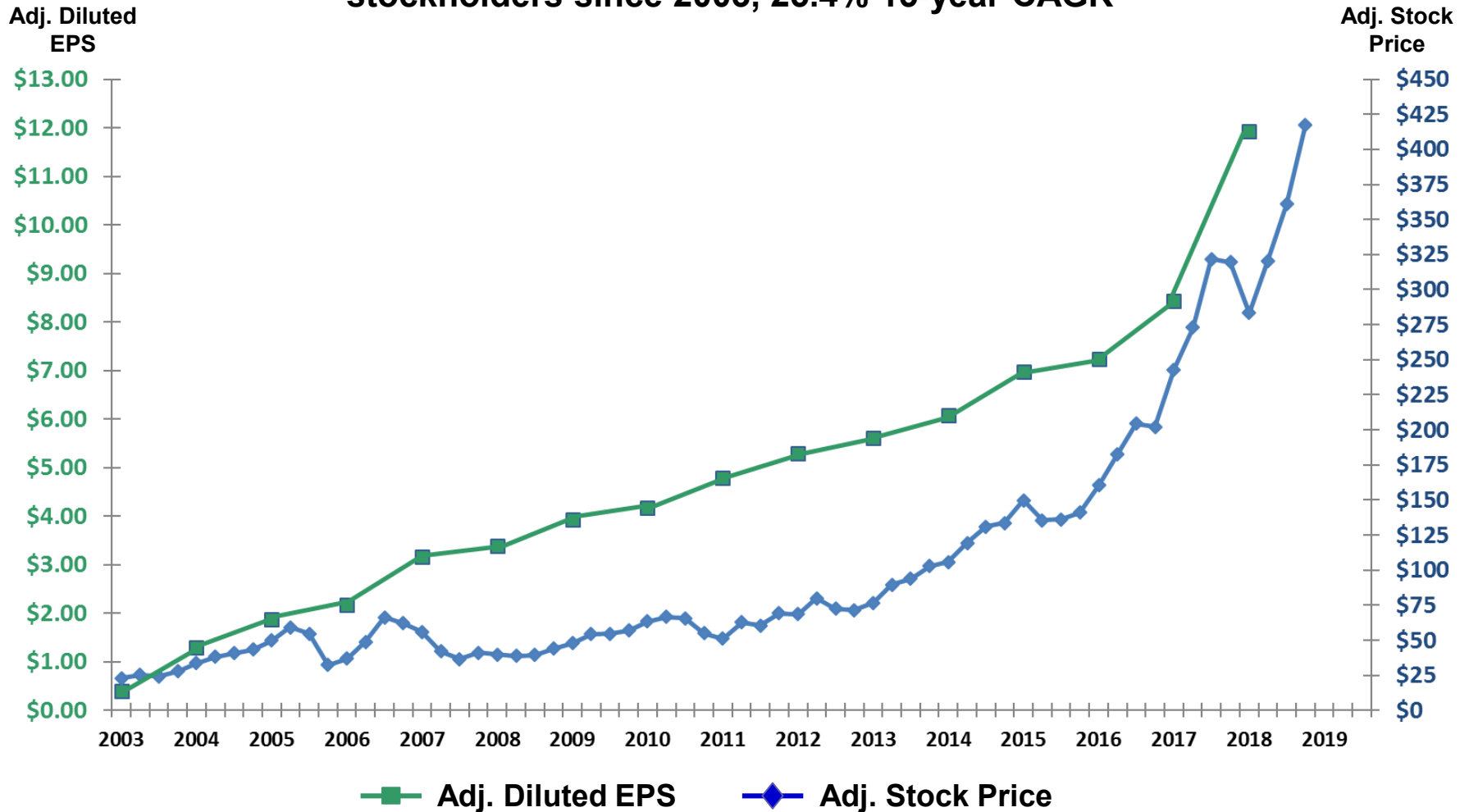
	(1)	(2)	(3)	(4)
	Shares	Dividends	Total	Free
	Repurchased		Returned to	Cash Flow
			Shareholders	Generated (1)
(1) Activity in 2007	\$ 127,881,453	\$ 5,888,000	\$ 133,769,453	72,944,000
(2) Activity in 2008	67,125,500	5,543,000	72,668,500	85,989,000
(3) Activity in 2009	741,726	8,157,000	8,898,726	139,336,000
(4) Activity in 2010	104,054,995	11,881,000	115,935,995	60,373,000
(5) Activity in 2011	143,875,353	12,538,000	156,413,353	144,751,000
(6) Activity in 2012	60,529,057	13,026,000	73,555,057	96,516,000
(7) Activity in 2013	92,911,155	14,148,000	107,059,155	121,523,000
(8) Activity in 2014	110,019,257	14,255,000	124,274,257	66,708,000
(9) Activity in 2015	59,323,141	15,605,000	74,928,141	127,365,000
(10) Activity in 2016	102,312,635	16,440,000	118,752,635	95,621,000
(11) Activity in 2017	94,639,666	17,371,000	112,010,666	98,195,000
(12) Activity in 2018	158,883,849	18,661,000	177,544,849	234,266,000
(13) Activity in 2019	71,925,545	14,657,000	86,582,545	237,645,000
(14) Cumulative Activity				
2007 - 2019 (2)	<u>\$ 1,194,223,332</u>	<u>\$ 168,170,000</u>	<u>\$ 1,362,393,332</u>	<u>\$ 1,581,232,000</u>

(1) Net cash provided by operating activities.

(2) 14.1 million shares repurchased at an average cost of \$84.76.

Adj. EPS⁽¹⁾ and Stock Price⁽²⁾ History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 25.4% 15-year CAGR



- (1) Adjusted Diluted EPS (non GAAP); see Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.
- (2) Adjusted for stock split.

Chemed – Consolidated Summary of Operations

For the years ended December 31, 2003 through 2018

(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average Annual Inc./(Dec.)
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 734,877	\$ 915,970	\$ 1,018,587	\$ 1,100,058	\$ 1,148,941	\$ 1,190,236	\$ 1,280,545	\$ 1,355,970	\$ 1,430,043	\$ 1,413,329	\$ 1,456,282	\$ 1,543,388	\$ 1,576,881	\$ 1,666,724	\$ 1,782,648	13.7%
(2) EBITDA (c)	30,366	71,999	96,106	128,515	137,238	153,142	157,827	172,275	181,157	188,059	168,206	201,541	217,270	215,407	156,814	283,453	16.1%
(3) Adj. EBITDA (c)	25,118	91,950	120,513	131,373	161,846	161,754	177,050	189,395	197,273	201,455	206,850	212,562	235,931	236,979	268,459	305,506	18.1%
(4) Net Income (GAAP)	11,188	27,512	35,817	50,651	61,641 (b)	67,281 (b)	73,784	81,831	85,979	89,304	77,227	99,317	110,274	108,743	98,177	205,544	21.4%
(5) Adj. Net Income (c)	7,894	31,893	49,542	58,102	79,277	78,900	89,289	95,961	100,030	102,317	104,372	107,731	121,667	121,487	141,054	200,374	24.1%
(6) Diluted EPS (GAAP)	0.56	1.12	1.36	1.90	2.46	2.88	3.24	3.55	4.10	4.62	4.16	5.57	6.33	6.48	5.86	12.23	22.8%
(7) Adj. Diluted EPS (c) (d)	0.40	1.29	1.88	2.18	3.16	3.38	3.93	4.17	4.78	5.29	5.62	6.07	6.98	7.24	8.43	11.93	25.4%
(8) Diluted Average Shares Outstanding	19,908	24,636	26,299	26,669	25,077	23,374	22,742	23,031	20,945	19,339	18,585	17,738	17,422	16,789	16,742	16,803	(1.1%)

(a) Continuing operations

(b) Restated for the retrospective adoption of FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)," effective January 1, 2009

(c) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP results)

(d) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding

Chemed - Results from Continuing Operations

(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)
	Full Year Results			Nine Months Ended September 30,		
	2017 (a)(b)	2018 (b)	Fav/(Unfav) % Growth	2018 (b)	2019 (b)	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,666,724	\$1,782,648	7.0%	\$ 1,325,140	\$ 1,416,231	6.9%
(2) Adj. EBITDA (c)	268,459	305,506	13.8%	224,189	246,794	10.1%
(3) Adj. EBITDA Margin (c)	16.1%	17.1%	1.0 pts.	16.9%	17.4%	0.5 pts.
(4) Adj. Net Income (c)	141,054	200,374	42.1%	144,465	160,603	11.2%
(5) Adj. Diluted EPS (c) (d)	8.43	11.93	41.5%	8.58	9.73	13.4%
(6) Capital Expenditures	64,300	52,872	17.8%	36,554	39,753	(8.8%)

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

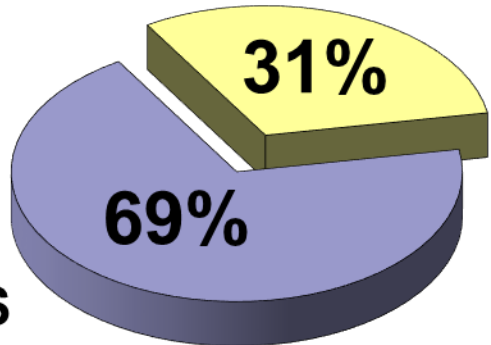
(c) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(d) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding.

Chemed Corporation Revenue

2017

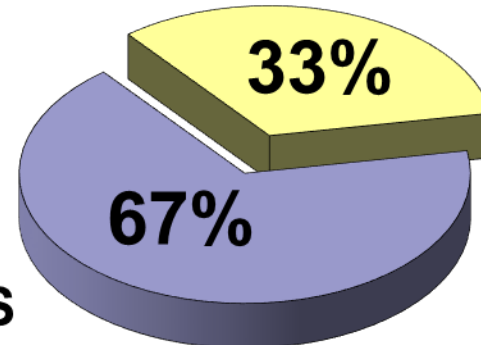
Roto-Router



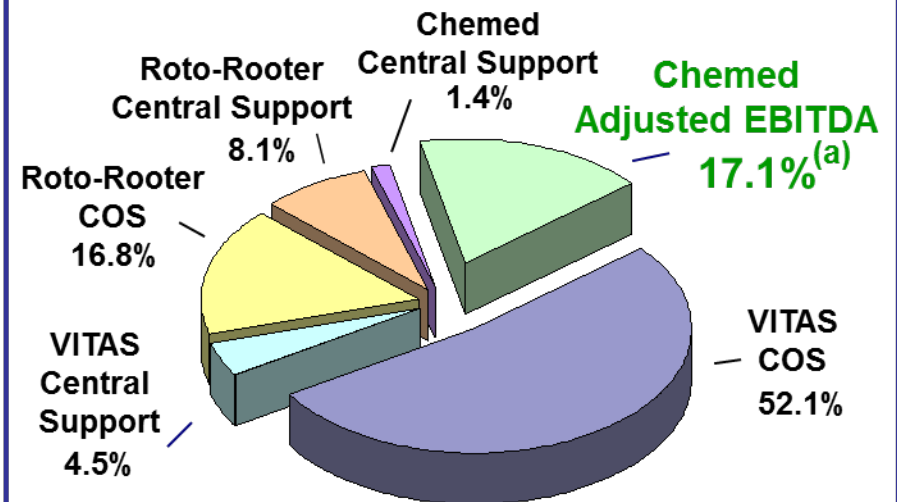
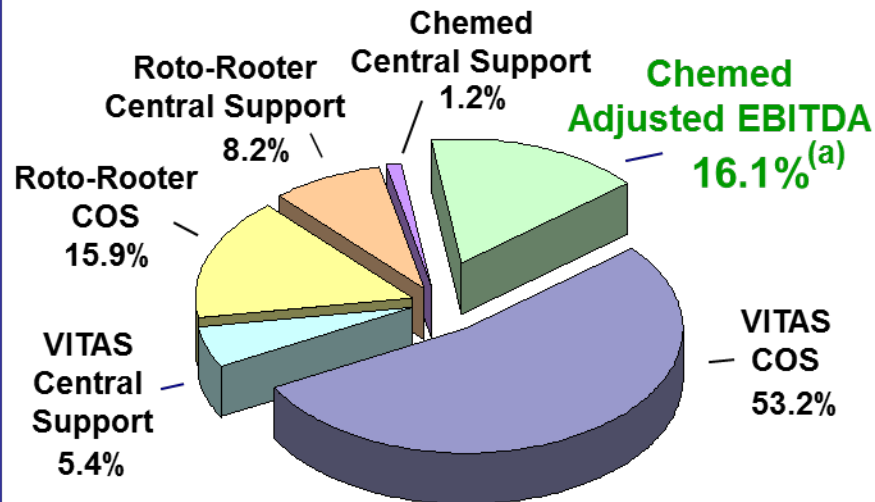
VITAS

2018

Roto-Router



VITAS

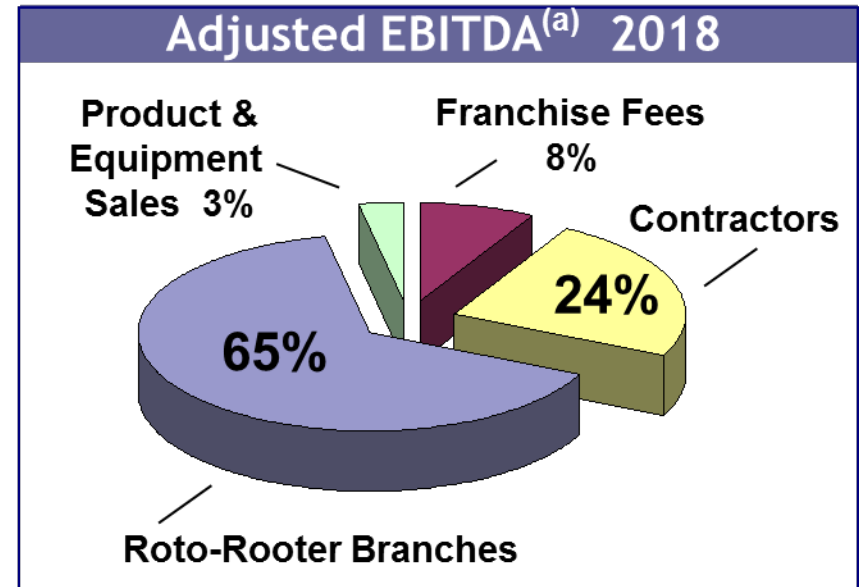
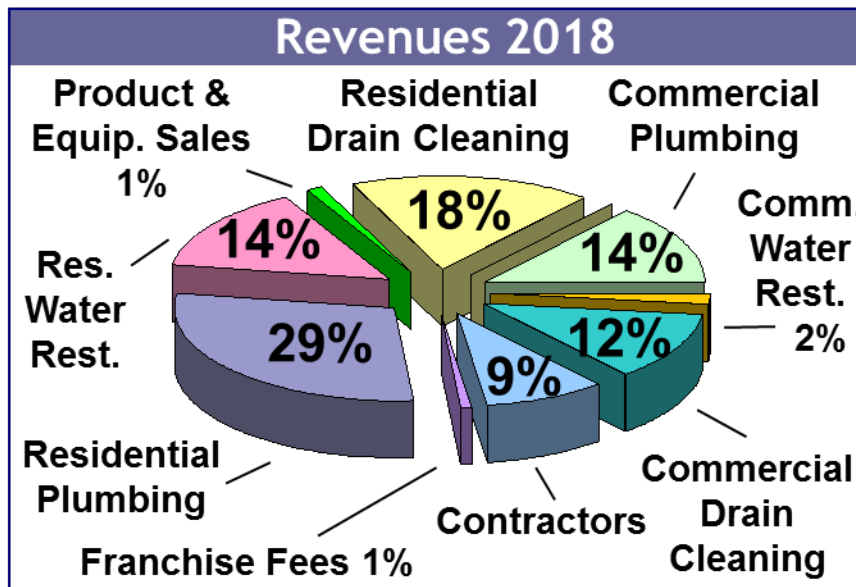


(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income



Roto-Rooter Company Overview

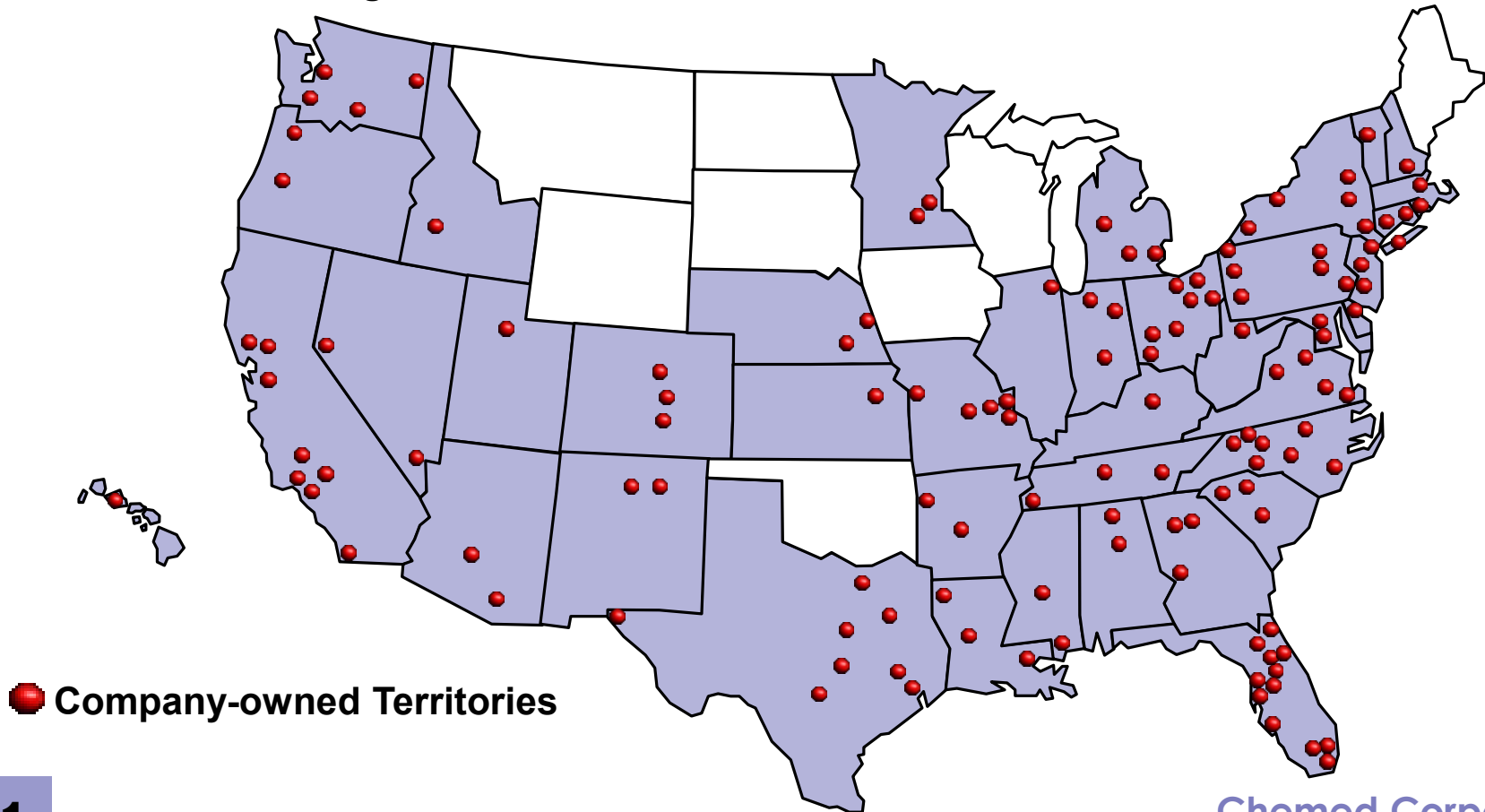
- ◆ Largest provider of plumbing and drain cleaning services in North America
 - ▶ Provides plumbing services to approximately 90% of the United States and 40% of the Canadian population
- ◆ Provides plumbing and drain cleaning services in more than 125 company-owned territories and approximately 360 franchise territories
- ◆ Maintains an estimated 15% of the drain cleaning market and 2-3% share of the same-day service plumbing market
- ◆ Residential customers represent 64% of revenues, while commercial customers represent 28% of revenues



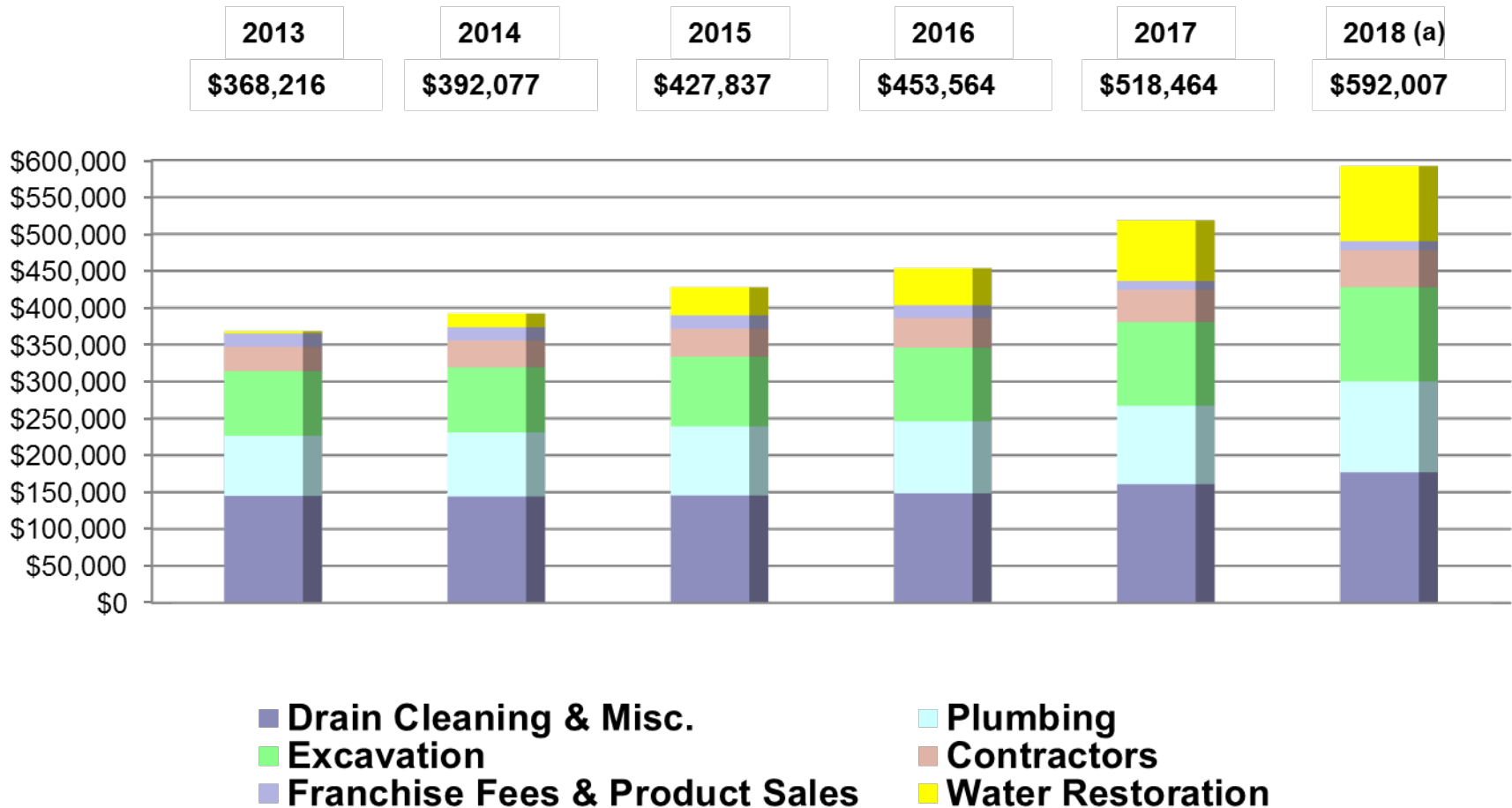
(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income

Chemed Growth Strategy – Roto-Rooter

- ◆ Continue to increase efficiency
- ◆ Acquire franchisee territories at reasonable valuations
 - ▶ \$75 - \$100 million in franchise street sales
 - ▶ Purchase at 6-8 times Proforma Adjusted EBITDA
 - ▶ Minimal capital expenditure
- ◆ Focus on earnings and cash flow



Roto-Rooter – Gross Revenue Analysis (\$000)



(a) 2018 reflects GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Roto-Rooter – Summary of Operations

For The Years Ended December 31, 2004 through 2018

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average Annual Inc./Dec.
(1) Service Revenues and Sales (a)	\$ 276,611	\$ 297,337	\$ 319,495	\$ 344,632	\$ 340,496	\$ 335,893	\$ 354,735	\$ 369,698	\$ 363,006	\$ 368,216	\$ 392,077	\$ 427,837	\$ 453,564	\$ 518,464	\$ 585,086	5.5%
(2) EBITDA (b)	38,314	52,598	59,248	71,916	62,661	61,780	59,369	64,948	58,751	56,398	79,221	91,911	100,946	123,194	146,896	10.1%
(3) Adj. EBITDA (b)	42,355	49,234	55,548	69,188	59,922	59,862	58,516	64,176	58,232	70,936	75,110	87,614	96,312	116,670	140,544	8.9%
(4) Adj. EBITDA Margin (b)	15.3%	16.6%	17.4%	20.1%	17.6%	17.8%	16.5%	17.4%	16.0%	19.3%	19.2%	20.5%	21.2%	22.5%	24.0%	n.a.
(5) Net Income (GAAP)	18,795	27,626	32,454	38,971	33,427	33,040	31,678	34,879	30,905	29,243	42,075	48,573	52,893	73,299	98,711	12.6%
(6) Adj. Net Income (b)	21,044	25,486	31,203	40,139	33,785	33,574	32,960	36,260	32,276	39,845	42,093	48,680	52,921	65,667	99,114	11.7%

(a) Continuing Operations

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

Roto-Router – Results from Continuing Operations

(\$000)

	(1)	(2)	(3)	(4)	(5)	(6)
	Full Year Results			Nine Months Ended September 30,		
	2017 (b)	2018 (b)	Fav/(Unfav) % Growth	2018 (b)	2019 (b)	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$ 518,464	\$ 585,086	12.8%	\$ 434,563	\$ 474,952	9.3%
(2) Net Income (GAAP)	73,299	98,711	34.7%	72,799	76,302	4.8%
(3) Adj. EBITDA (a)	116,670	140,544	20.5%	104,394	112,055	7.3%
(4) Adj. EBITDA Margin (a)	22.5%	24.0%	1.5 pts.	24.0%	23.6%	(0.4) pts.
(5) Adj. EBIT (a)	99,880	121,528	21.7%	90,516	95,759	5.8%
(6) Adj. EBIT Margin (a)	19.3%	20.8%	1.5 pts.	20.8%	20.2%	(0.6) pts.
(7) Capital Expenditures	21,107	26,915	(27.5%)	57,548	67,089	(16.6%)

(a) Reconciliation from GAAP reported results to adjusted (non-GAAP) results is provided in the Appendix at the back of this presentation.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Future of Roto-Router

◆ Continue to Consolidate Franchises

- ▶ Purchase at reasonable multiples
- ▶ Avoid over-paying for current acquisitions
 - ▶ Inflates expectations/demands of remaining franchisees

◆ Utilize Cash Flow for:

- ▶ Purchase of franchises
- ▶ Acquisition of hospices
- ▶ Debt pay-down, share buy-back, increased dividends

◆ Roto-Router Divestiture Considerations:

- ▶ If arbitrage of buying at low multiples is exhausted
- ▶ If after-tax proceeds can be reinvested at higher return, risk adjusted
- ▶ If Chemed's capital structure and cash flow without Roto-Router provide it significant flexibility to support continued growth of VITAS
- ▶ If tax-free spin-off creates stockholder value

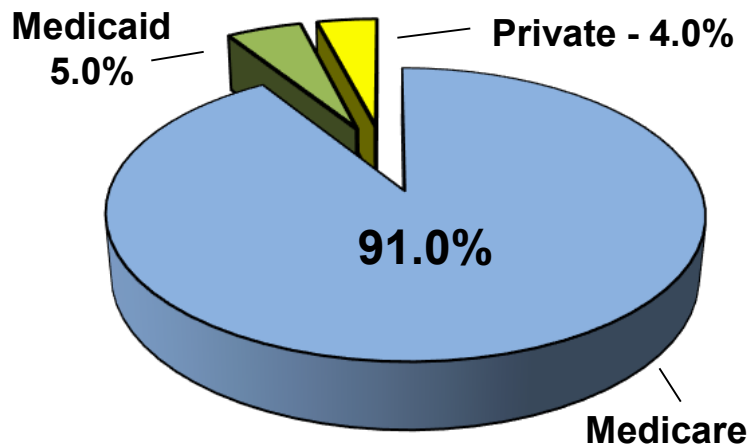


VITAS[®]
Healthcare

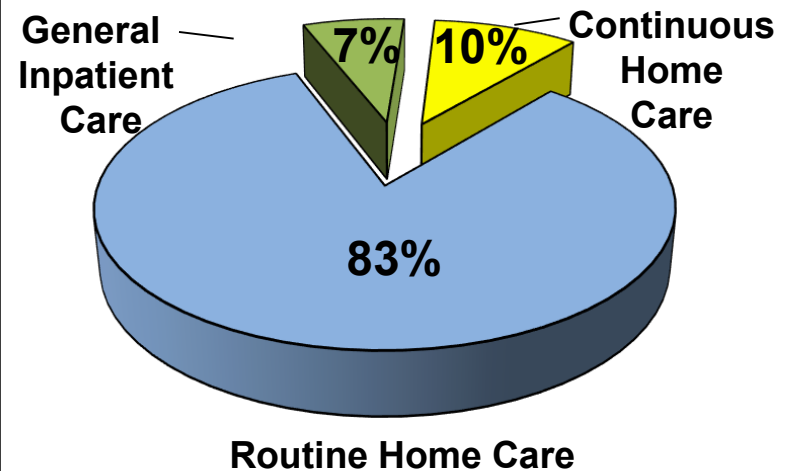
VITAS Healthcare Company Overview

- ◆ Largest provider of hospice services for patients with severe, life-limiting illnesses with approximately 7% of the U.S. market share
- ◆ Operates a comprehensive range of hospice services through 48 operating programs in 14 states and the District of Columbia
- ◆ Utilizes an approach for customized plans of care which is intended to maximize quality and enhance patient satisfaction
- ◆ Operating statistics:
 - ▶ Revenues: \$322 million (Q3 2019)
 - ▶ Average daily census per established program: approximately 400 ADC, largest approximately 2,000 (Q3 2019)
 - ▶ Average length of stay: 92.6 (Q3 2019)
- ◆ Approximately 12,500 employees, including approximately 4,800 nurses (Q3 2019)

Revenue by Payer - 2018

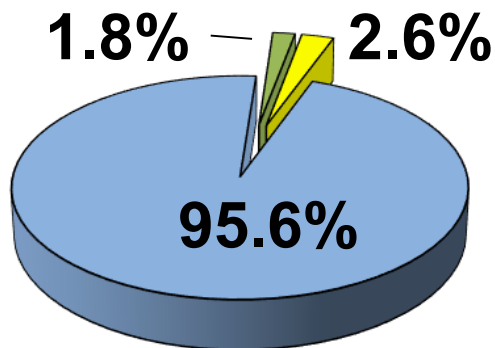


Revenues - 2018



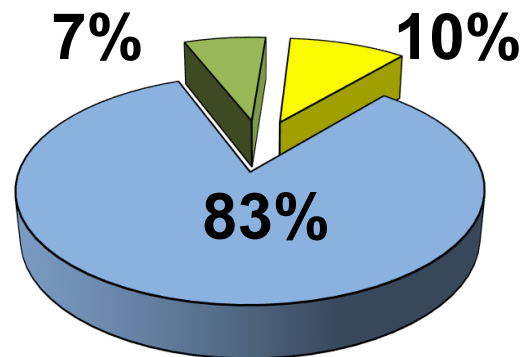
VITAS – Analysis of Revenue

Days of Care - 2018

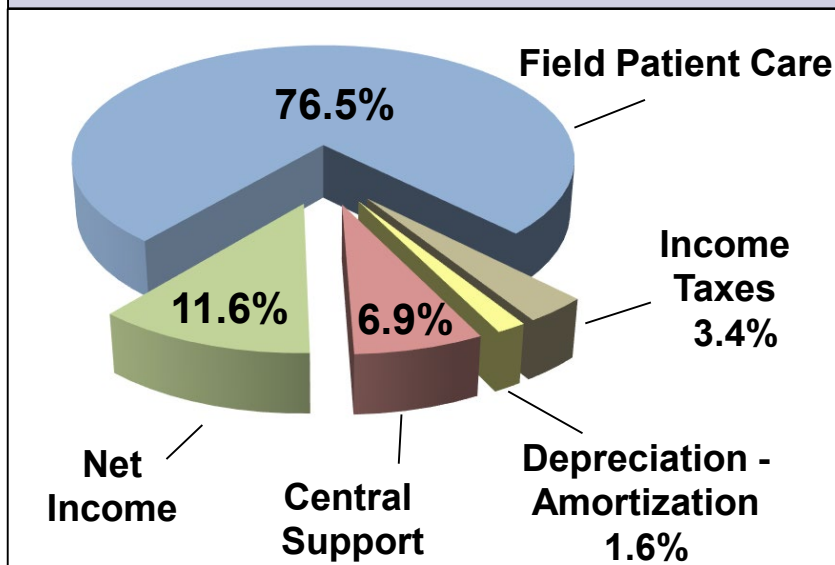


- Routine Home Care
- General Inpatient Care
- Continuous Home Care

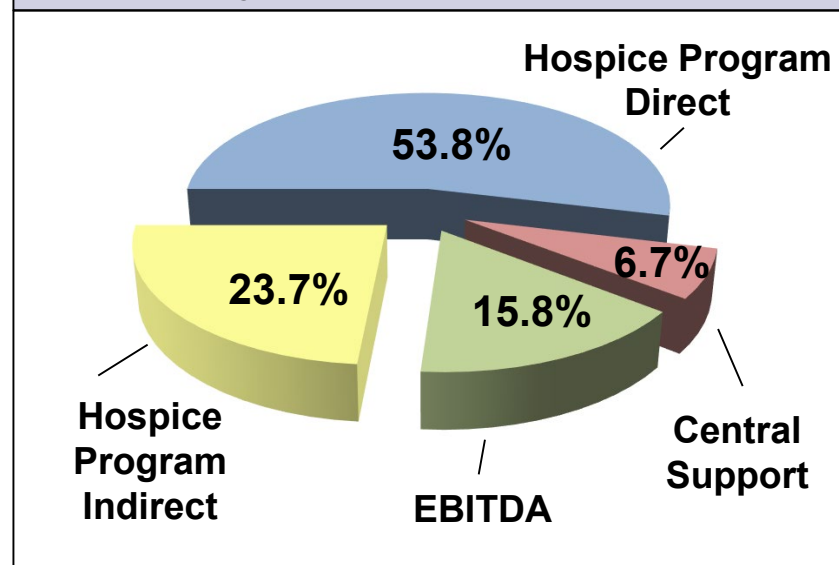
Revenues - 2018



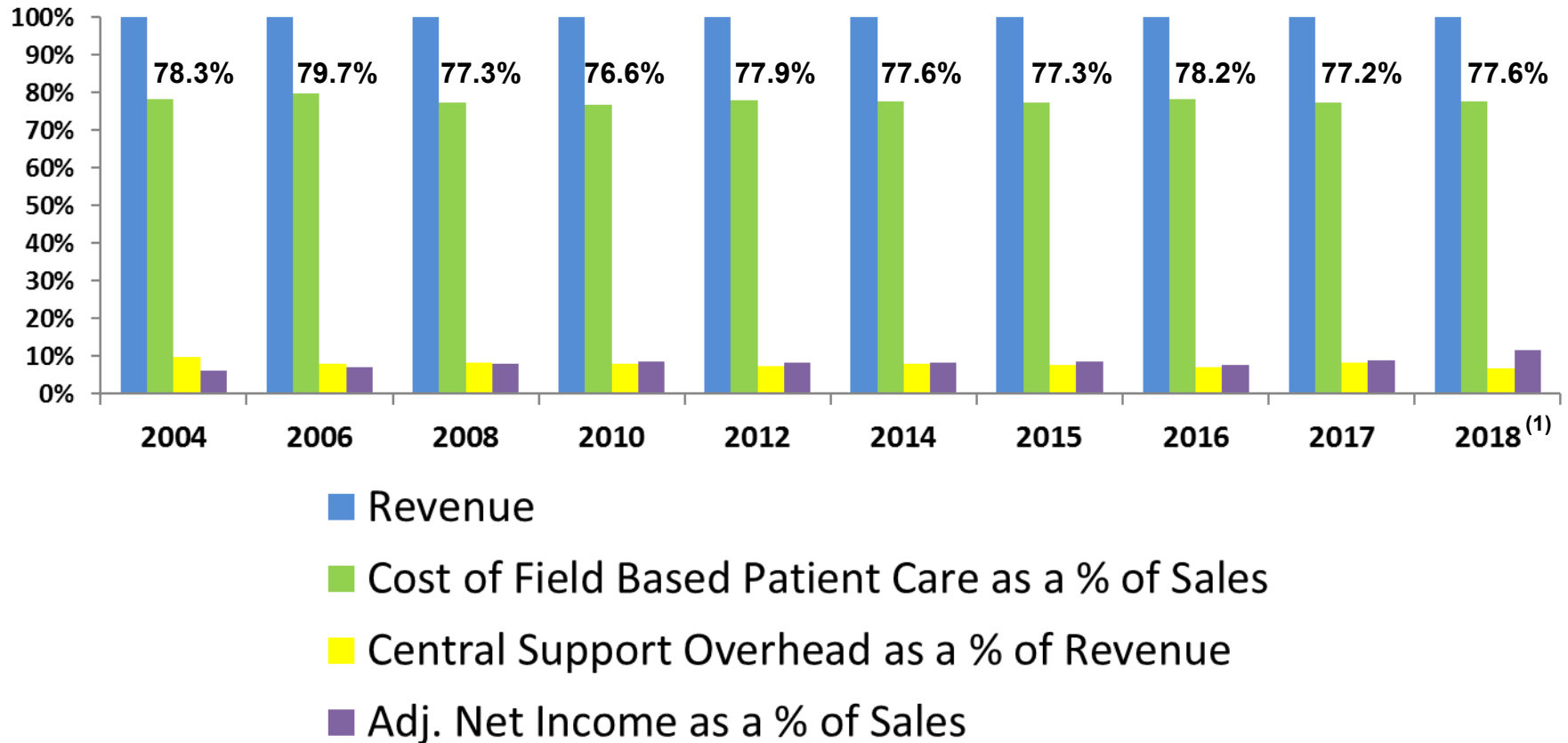
Revenue and Expenses - 2018



Adjusted EBITDA - 2018

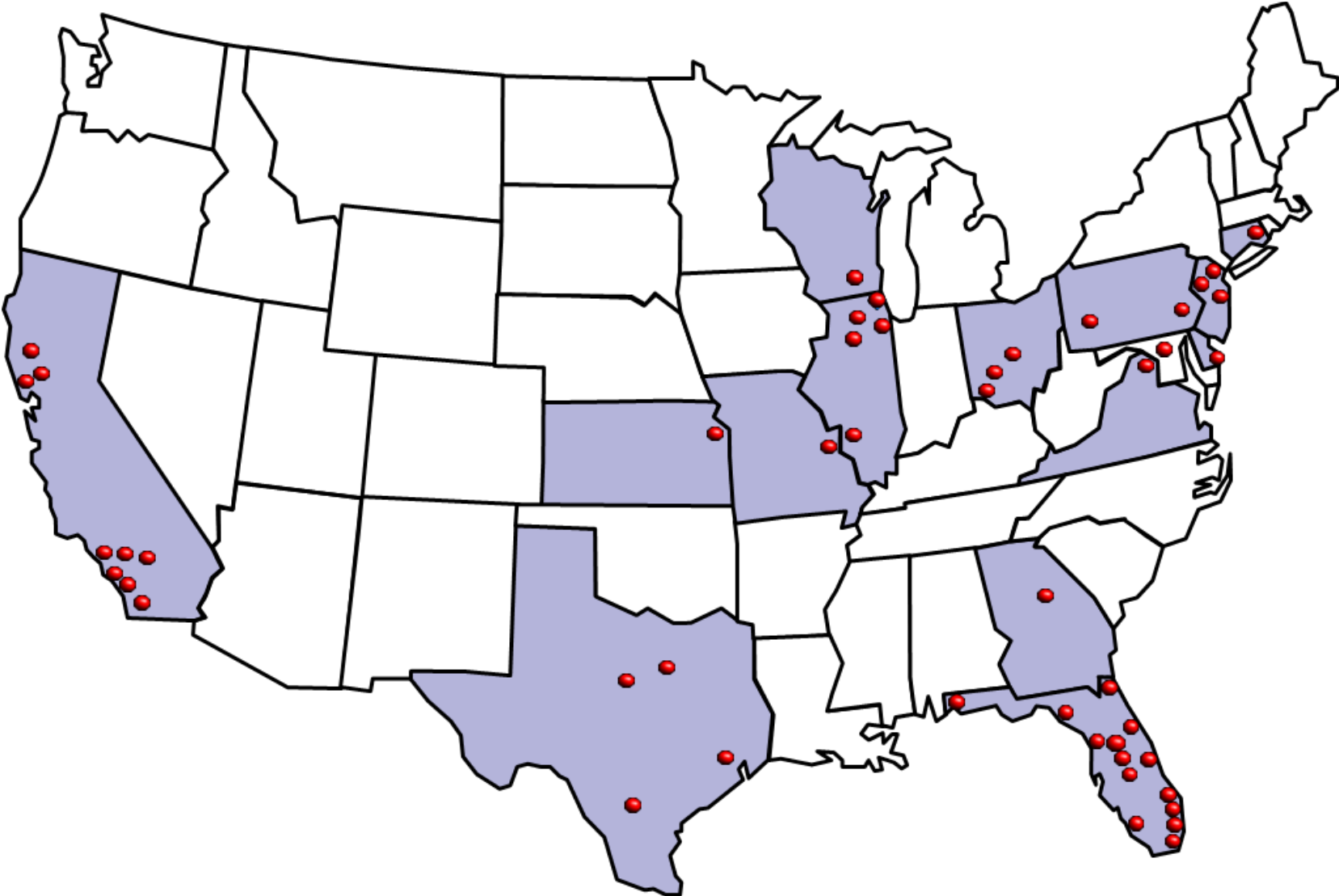


VITAS – Operations as a Percent of Revenue



(1) 2018 includes the impact of the new revenue recognition accounting standard. Prior periods are not restated for the new revenue recognition accounting standard.

VITAS – Locations (as of September 30, 2019)



VITAS Analysis of 2018 Expenses and Margin

Per Patient Day-of-Care

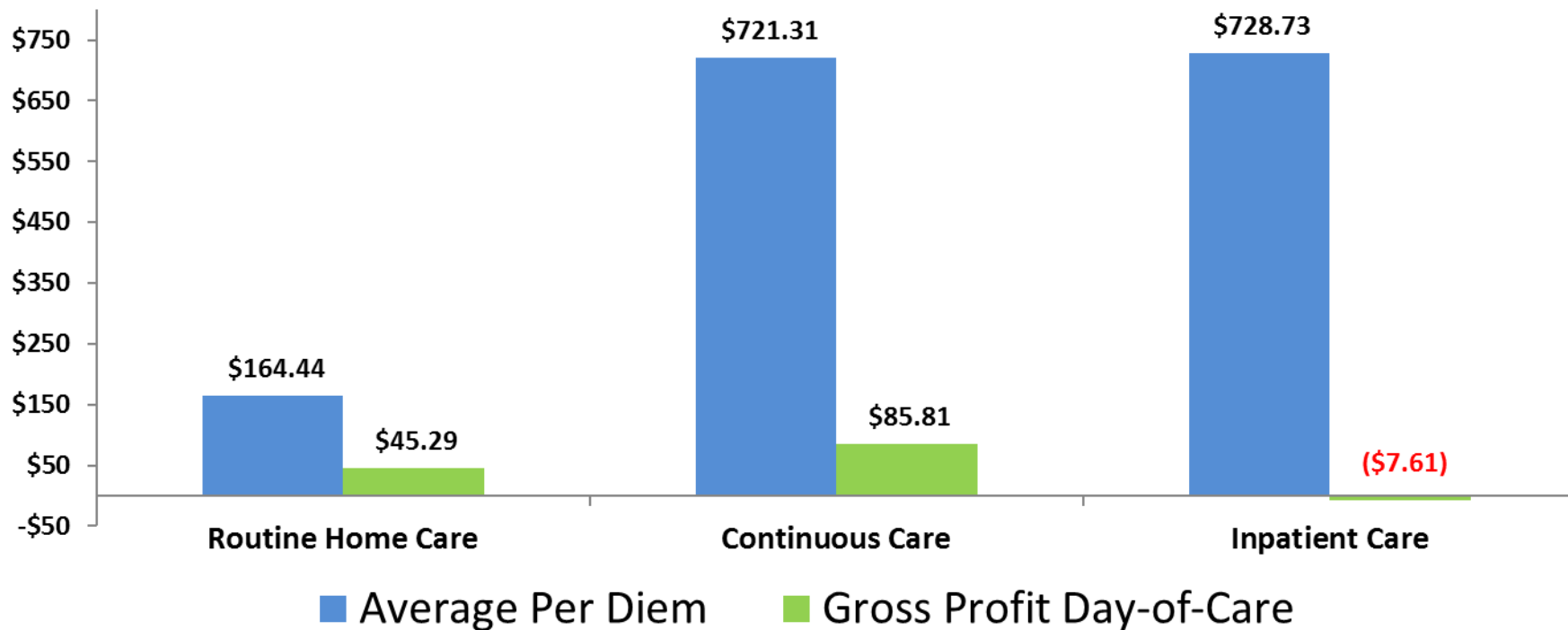
	(1)	(2)	(3)	(4)	(5)	(6)
	Per Patient Day-of-Care					
	Direct Patient Care Expenses (1)	Average Per Diem	Direct Patient Cost-of-Care (1)	Direct Care Contribution	Other Field Cost-of-Care (2)	Net Field Hospice Margin
(1) Routine Home Care	47.00%	\$ 164.44	\$ (77.29)	\$ 87.15	\$ 41.86	\$ 45.29
(2) Continuous Home Care	82.30%	\$ 721.31	\$ (593.64)	\$ 127.67	\$ 41.86	\$ 85.81
(3) Inpatient Care	95.30%	728.73	(694.48)	34.25	41.86	\$ (7.61)
(4) Total High Acuity Care	87.50%	\$ 724.28	\$ (633.75)	\$ 90.53	\$ 41.86	\$ 48.67
(5) Total Hospice Care	53.80%	\$ 188.93	\$ (101.64)	\$ 87.29	\$ 41.86	\$ 45.43

(1) Costs directly attribute to bedside care. Labor, fringes, meds, DME, supplies, etc.

(2) Indirect costs for labor and fringes and other expenses for admissions, administrative, medical directors, etc.

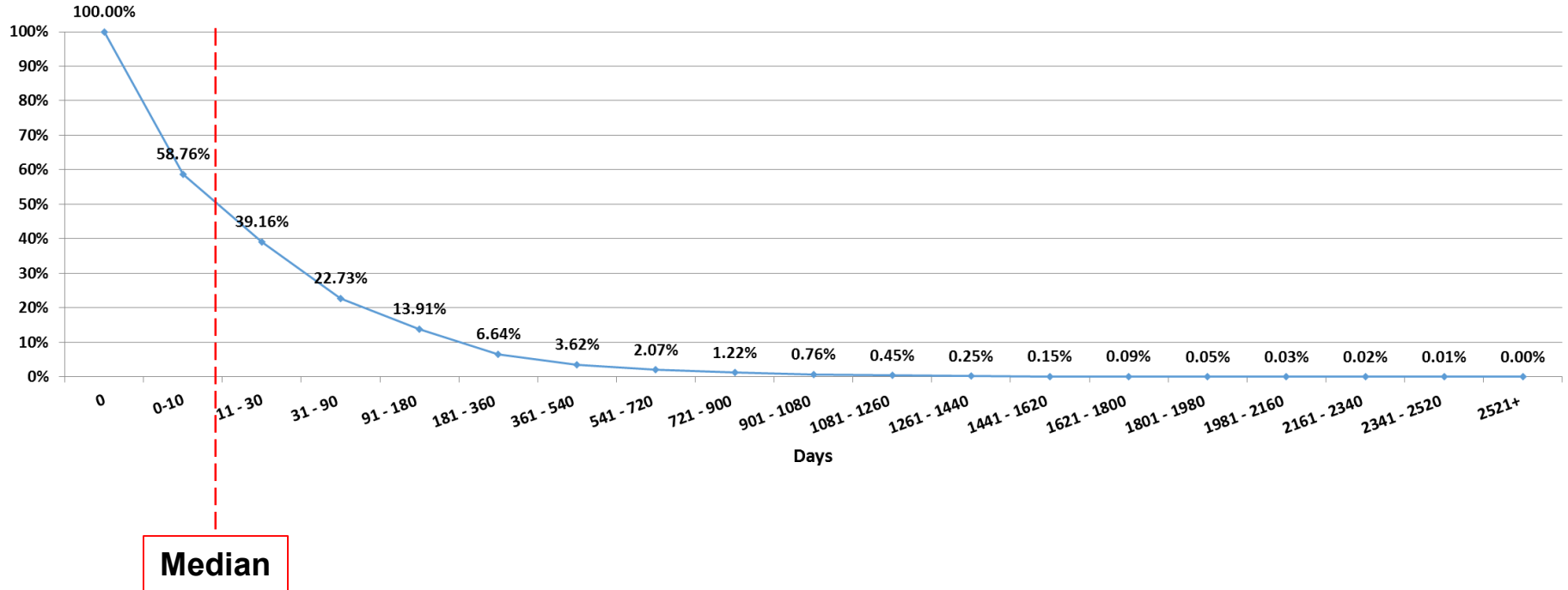
VITAS – Analysis of Gross Profit Per Patient Day-of-Care

2018



VITAS 2018 Discharge Rate – Total

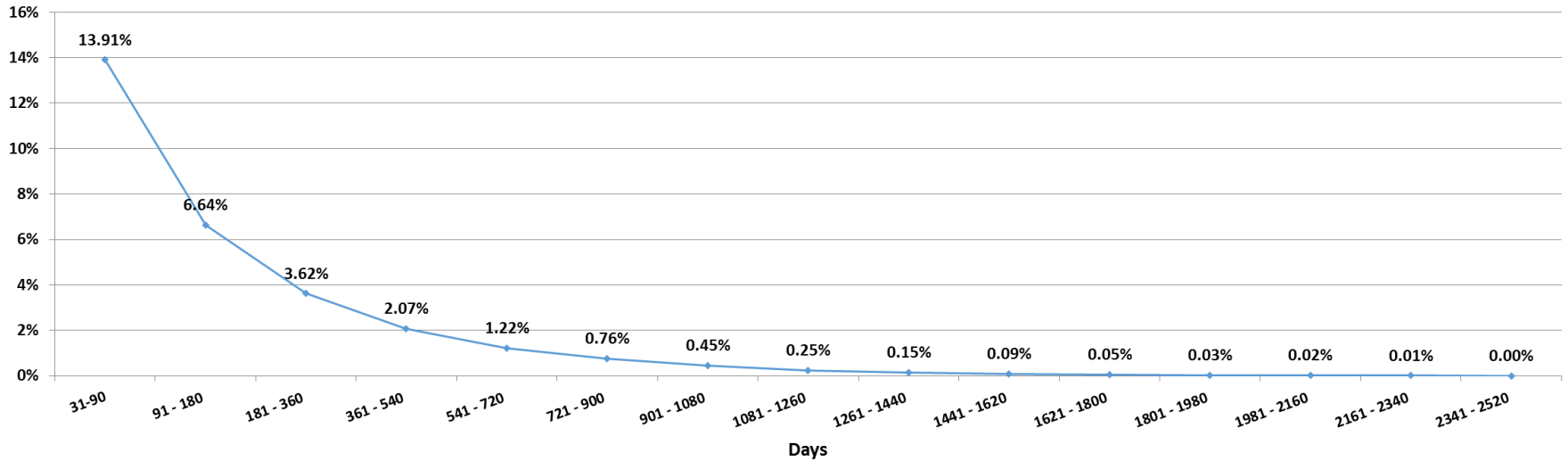
Population: 66,826 patients (MLOS 17)



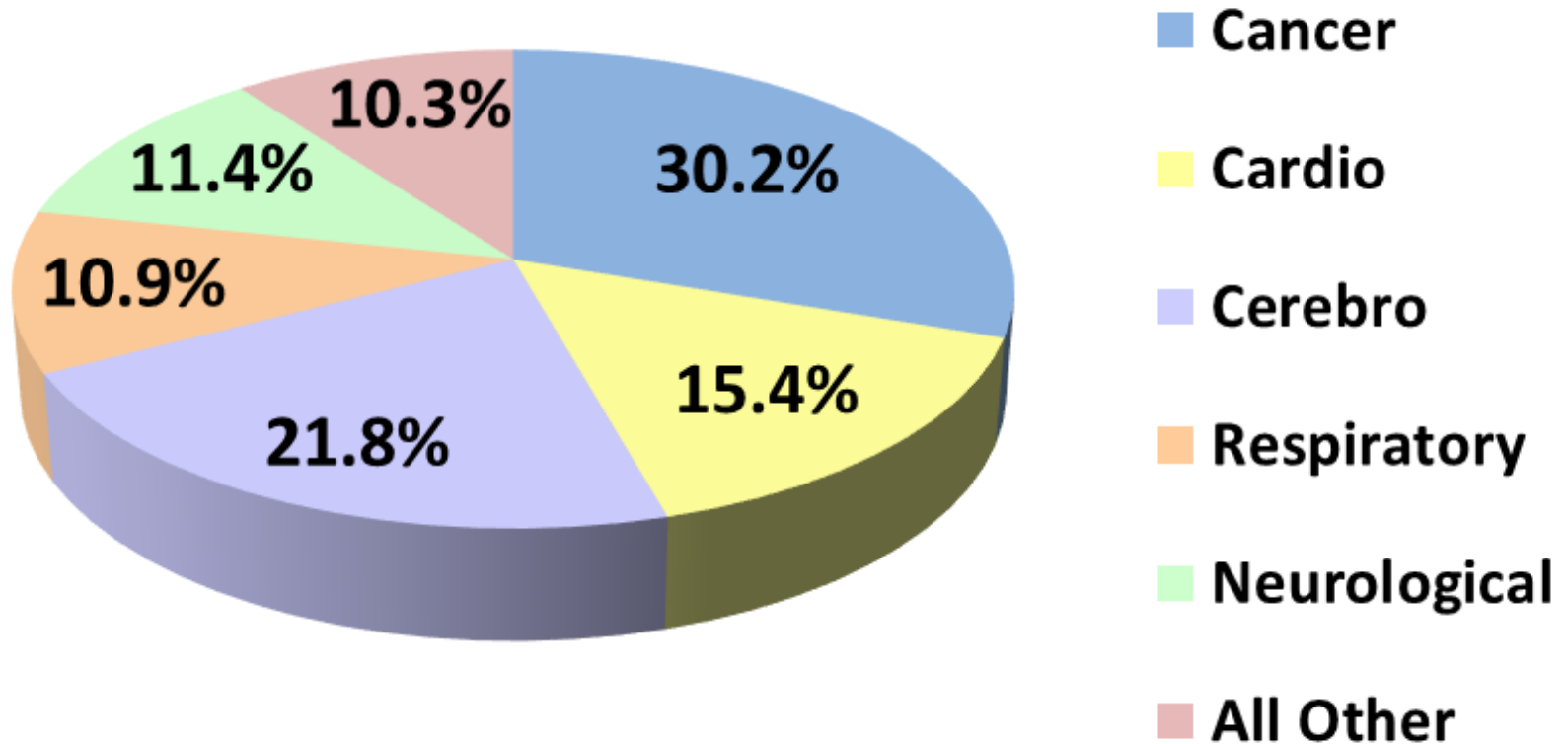
VITAS 2018 Discharge Rate – Total

After 180 Days

Population: 9,299 patients

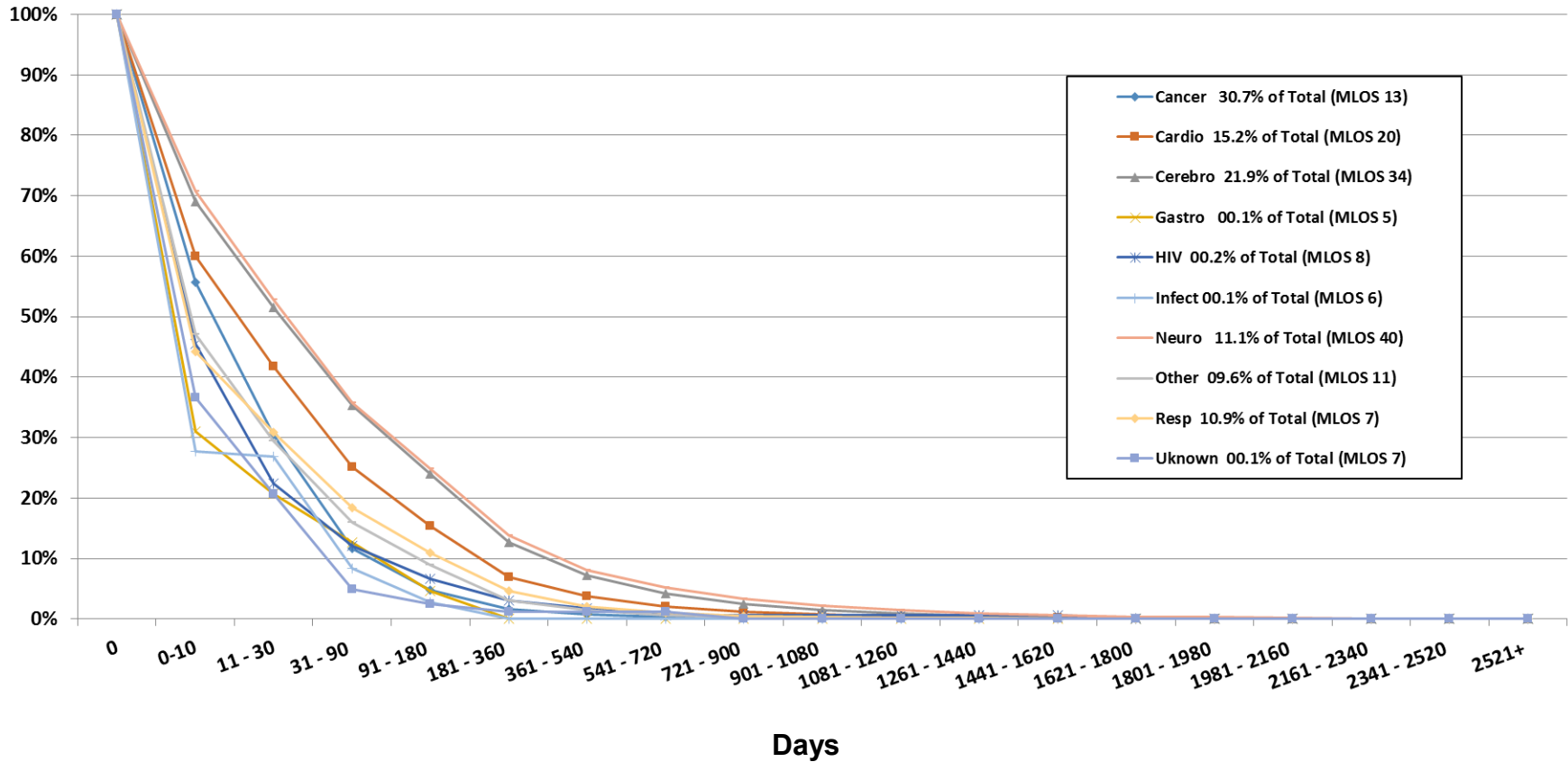


VITAS Admissions by Diagnosis - 2018

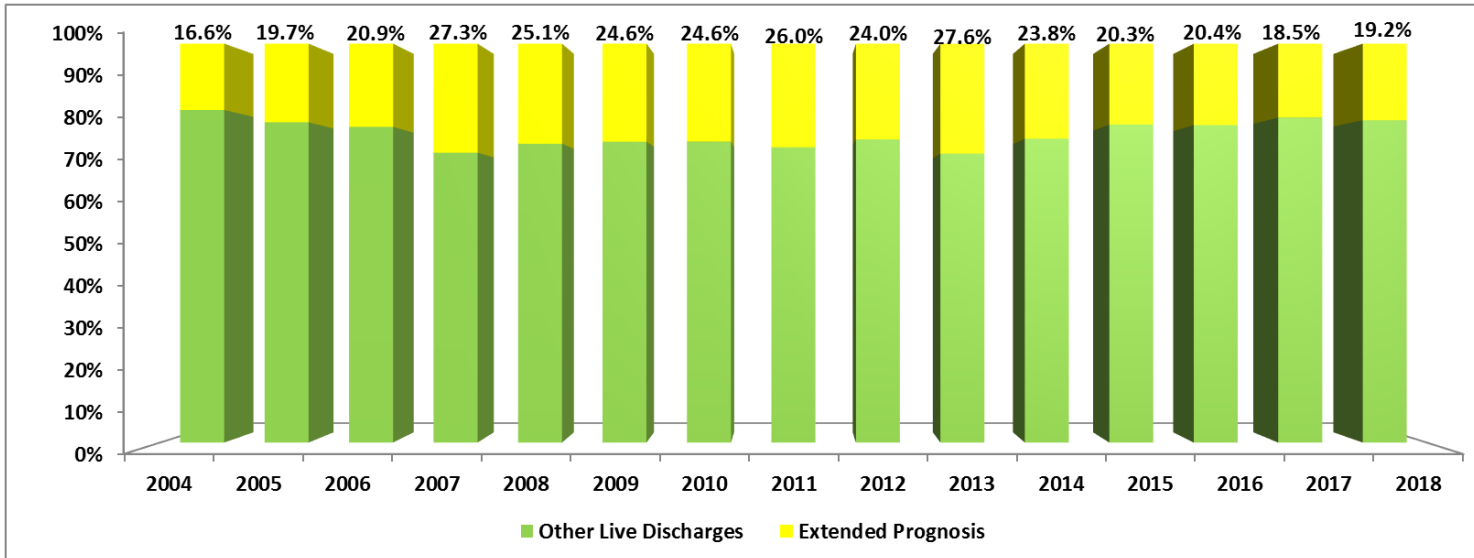
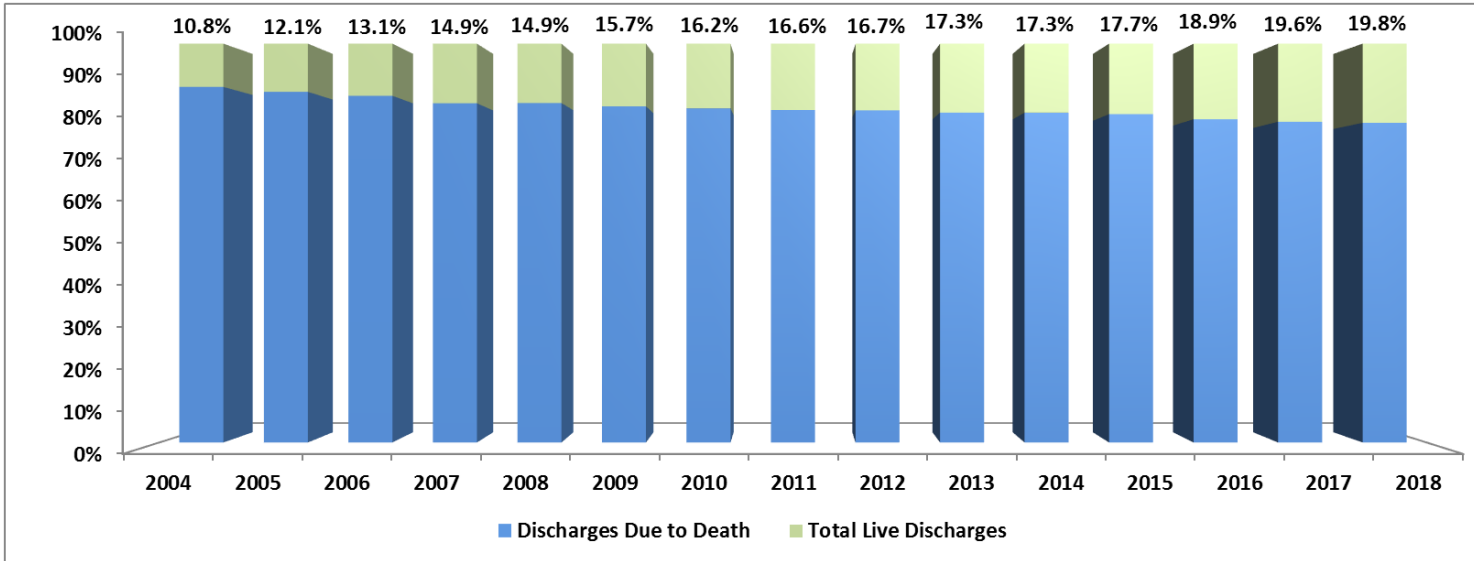


VITAS 2018 Discharge Rate – All Diagnosis

Population: 66,826

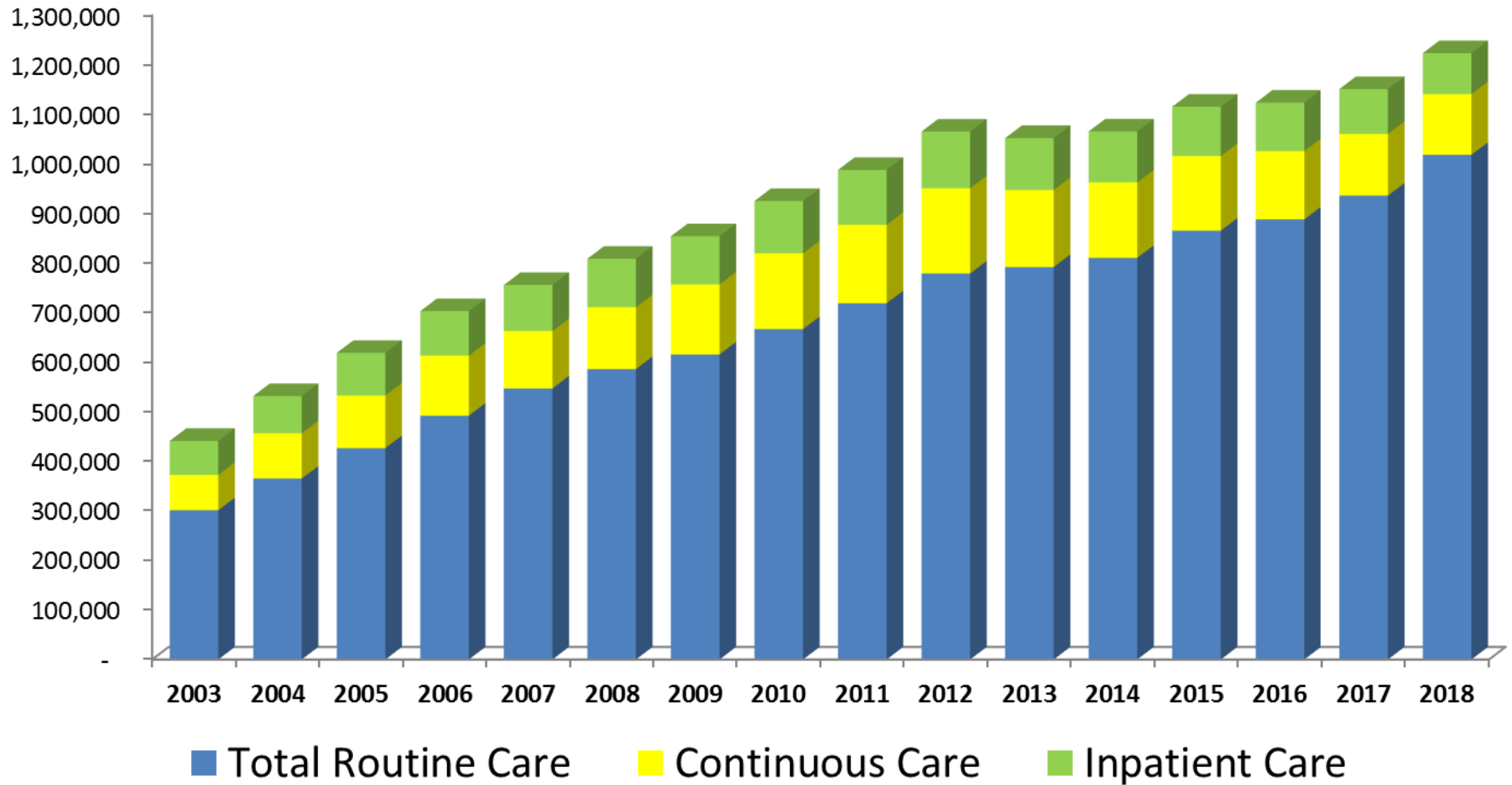


Analysis of VITAS Discharges 2004-2018

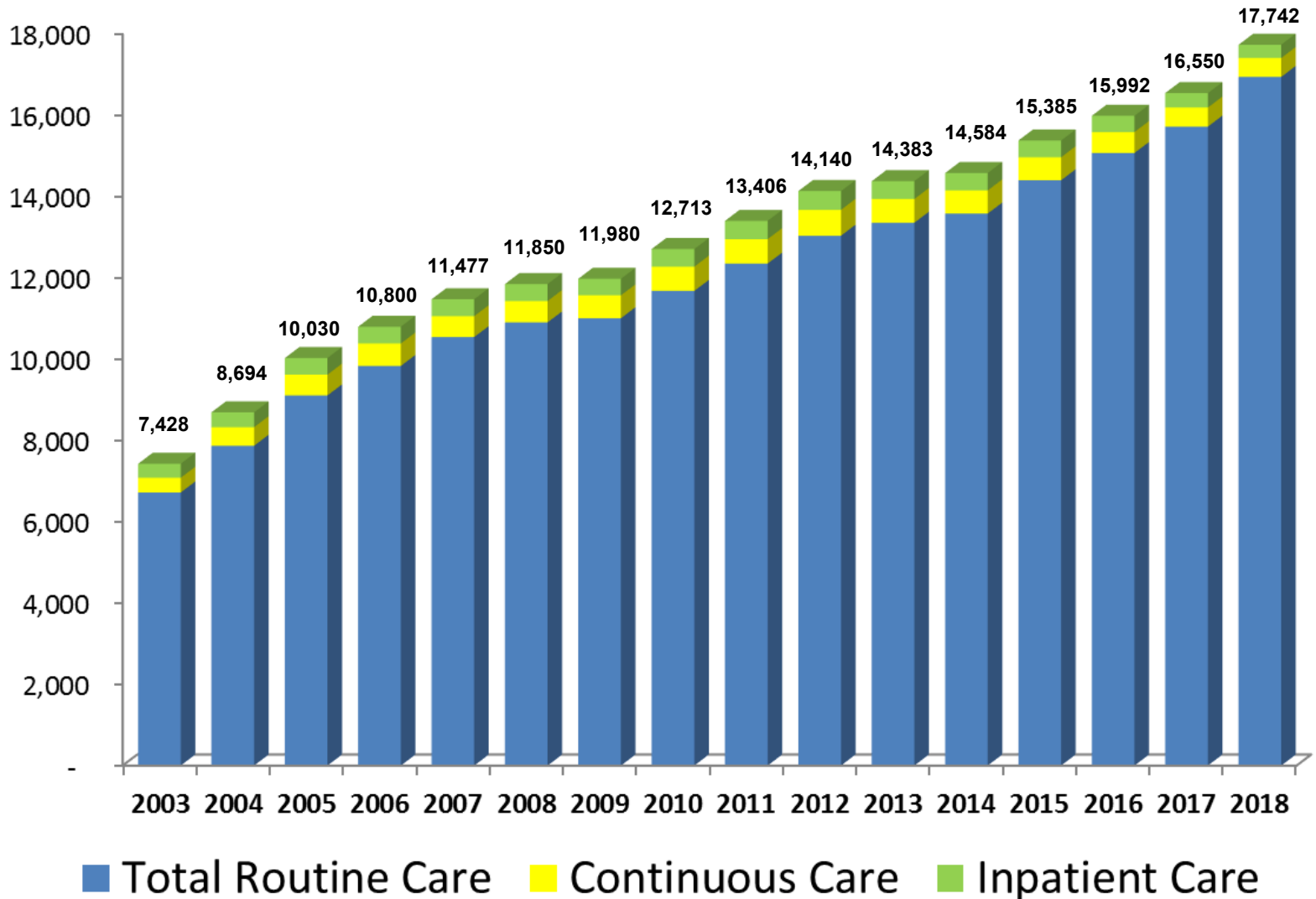


VITAS Analysis of Gross Revenue By Level of Care

2003 through 2018
(\$000)

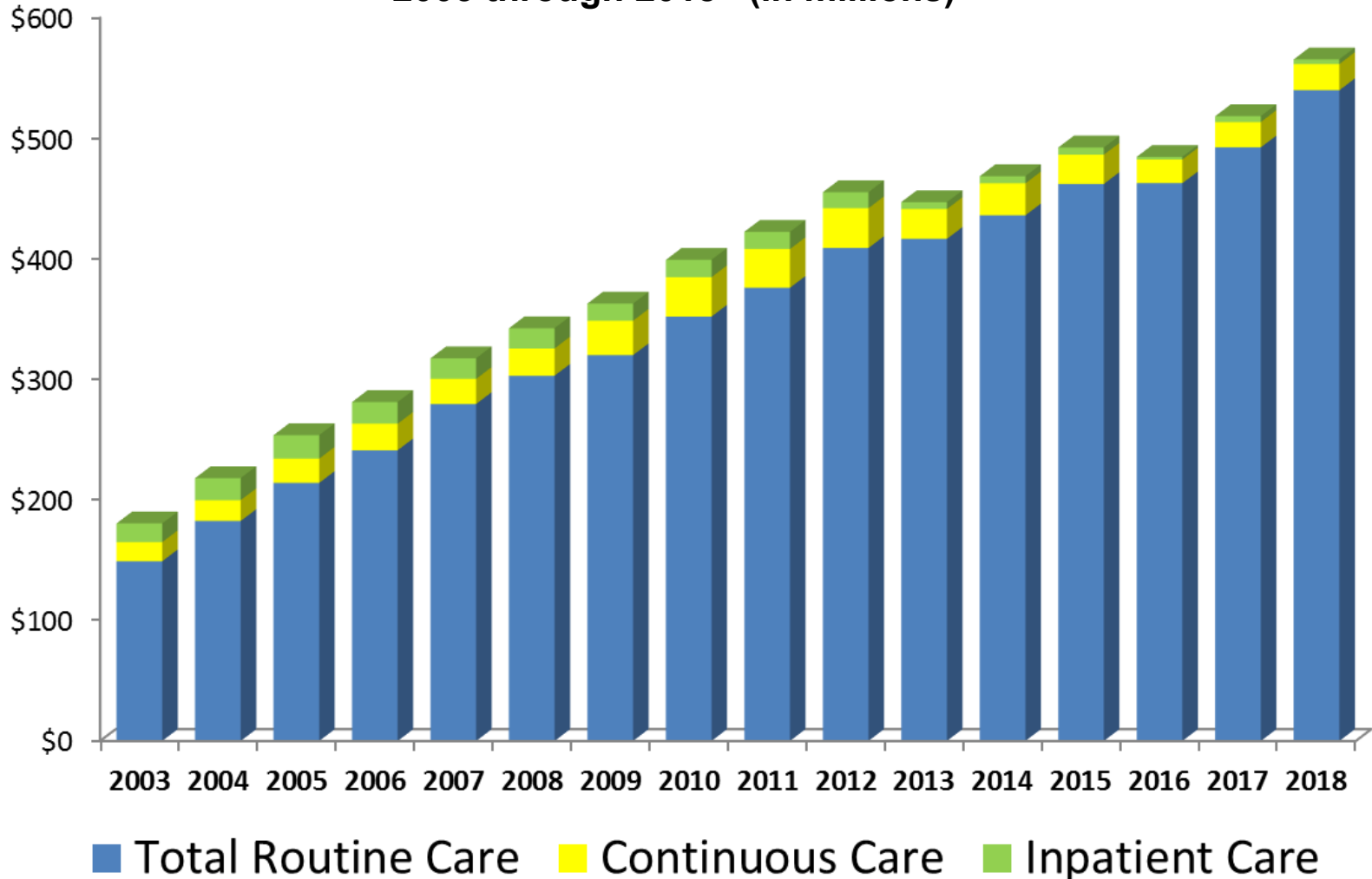


VITAS Analysis of Average Daily Census (ADC) 2003 through 2018

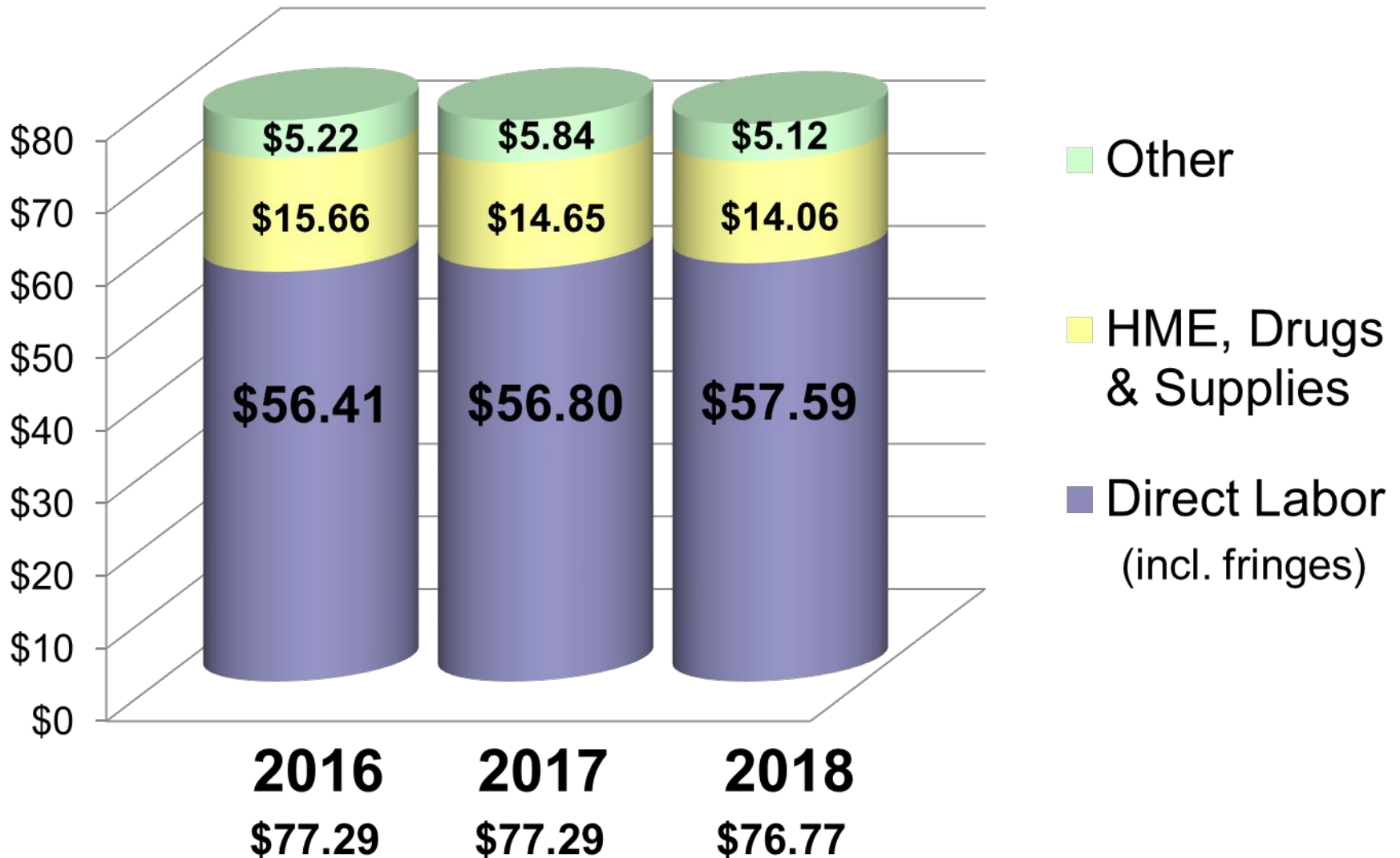


VITAS Analysis of Direct Gross Profit Contribution Margin By Level of Care

2003 through 2018 (in millions)



VITAS – Homecare Direct Cost Driver



VITAS – Summary of Operations^(a)

For The Years Ended December 31, 2004 through 2018

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16) Average Annual Inc./(Dec.)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
(1) Service Revenues and Sales	\$ 531,136	\$ 618,613	\$ 699,092	\$ 755,426	\$ 808,445	\$ 854,343	\$ 925,810	\$ 986,272	\$ 1,067,037	\$ 1,045,113	\$ 1,064,205	\$ 1,115,551	\$ 1,123,317	\$ 1,148,260	\$ 1,197,562	6.0%
(2) EBITDA (b)	65,685	65,259	89,237	110,515	119,901	132,935	146,652	147,243	158,251	142,770	158,719	169,768	156,172	92,899	199,568	8.3%
(3) Adj. EBITDA (b)	64,553	80,455	85,880	103,953	115,278	129,685	143,656	144,944	156,289	151,156	155,449	167,498	159,393	172,401	188,764	8.0%
(4) Adj. EBITDA Margin (b)	12.2%	13.0%	12.3%	13.8%	14.3%	15.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	14.2%	15.0%	15.8%	n.a.
(5) Net Income (GAAP)	33,052	34,982	43,546	61,034	64,304	71,696	79,796	80,358	86,577	76,144	86,186	93,346	84,961	57,645	138,846	10.8%
(6) Adj. Net Income (b)	32,961	44,659	49,249	59,974	64,010	72,059	80,465	81,186	87,338	84,023	87,585	96,418	91,190	103,121	140,710	10.9%
(7) Adj. Net Income as a percent of Sales	6.2%	7.2%	7.0%	7.9%	7.9%	8.4%	8.7%	8.2%	8.2%	8.0%	8.2%	8.6%	8.1%	9.0%	11.7%	n.a.

(a) Assumes VITAS was purchased on January 1, 2004

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

VITAS – Operating Results^(a)

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17) Average Annual Inc./(Dec.)
	2003 (b)	2004 (b)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
(1) Net Service Revenue	\$ 441,017	\$ 531,136	\$ 618,633	\$ 699,092	\$ 755,426	\$ 808,445	\$ 854,343	\$ 925,810	\$ 986,272	\$ 1,067,037	\$ 1,045,113	\$ 1,064,205	\$ 1,115,551	\$ 1,123,317	\$ 1,148,260	\$ 1,197,562	6.9%
(2) Cost of field patient care	\$ 345,189	\$ 415,341	\$ 484,609	\$ 557,260	\$ 586,435	\$ 625,177	\$ 653,212	\$ 709,094	\$ 766,732	\$ 831,321	\$ 813,600	\$ 825,739	\$ 862,587	\$ 878,092	\$ 886,062	\$ 929,306	6.8%
(3) Gross profit	\$ 95,828	\$ 115,795	\$ 134,024	\$ 141,832	\$ 168,991	\$ 183,268	\$ 201,131	\$ 216,716	\$ 219,540	\$ 235,716	\$ 231,513	\$ 238,466	\$ 252,964	\$ 245,225	\$ 262,198	\$ 268,256	7.1%
(4) Selling and G&A expenses	\$ 53,526	\$ 51,266	\$ 54,141	\$ 57,707	\$ 65,719	\$ 68,417	\$ 72,388	\$ 74,531	\$ 76,357	\$ 81,188	\$ 82,969	\$ 85,183	\$ 89,879	\$ 92,550	\$ 95,215	\$ 80,969	2.8%
(5) Depreciation & amortization	\$ 9,285	\$ 10,149	\$ 11,504	\$ 11,923	\$ 14,814	\$ 16,317	\$ 17,228	\$ 18,124	\$ 17,821	\$ 18,349	\$ 19,534	\$ 19,049	\$ 19,547	\$ 19,090	\$ 18,630	\$ 19,700	5.1%
(6) Other operating expense	\$ -	\$ -	\$ 17,350	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ -	\$ 4,491	\$ 85,614	\$ 1,130	n.a
(7) Income from operations	\$ 33,017	\$ 54,380	\$ 51,029	\$ 71,930	\$ 88,458	\$ 98,534	\$ 111,515	\$ 124,061	\$ 125,362	\$ 136,179	\$ 118,510	\$ 134,234	\$ 143,538	\$ 129,094	\$ 62,739	\$ 166,457	11.4%
(8) EBITDA	\$ 42,986	\$ 65,685	\$ 65,259	\$ 89,237	\$ 110,515	\$ 119,901	\$ 132,935	\$ 146,652	\$ 147,243	\$ 158,251	\$ 142,770	\$ 158,719	\$ 169,768	\$ 156,172	\$ 92,899	\$ 199,568	10.8%
(9) Adjusted EBITDA	\$ 42,302	\$ 64,553	\$ 80,455	\$ 85,880	\$ 103,953	\$ 115,278	\$ 129,685	\$ 143,656	\$ 144,944	\$ 156,289	\$ 151,156	\$ 155,449	\$ 167,498	\$ 159,393	\$ 172,401	\$ 188,764	10.5%
Percent of Sales																	
(10) Net Service Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
(11) Cost of field patient care	78.3%	78.2%	78.3%	79.7%	77.6%	77.3%	76.5%	76.6%	77.7%	77.9%	77.8%	77.6%	77.3%	78.2%	77.2%	77.6%	
(12) Gross profit	21.7%	21.8%	21.7%	20.3%	22.4%	22.7%	23.5%	23.4%	22.3%	22.1%	22.2%	22.4%	22.7%	21.8%	22.8%	22.4%	
(13) Selling and G&A expenses	12.1%	9.7%	8.8%	8.3%	8.7%	8.5%	8.5%	8.1%	7.7%	7.6%	7.9%	8.0%	8.1%	8.2%	8.3%	6.8%	
(14) Depreciation & amortization	2.1%	1.9%	1.9%	1.7%	2.0%	2.0%	2.0%	2.0%	1.8%	1.7%	1.9%	1.8%	1.8%	1.7%	1.6%	1.6%	
(15) Other operating expense	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.4%	7.5%	0.1%	
(16) Income from operations	7.5%	10.2%	8.2%	10.3%	11.7%	12.2%	13.1%	13.4%	12.7%	12.8%	11.3%	12.6%	12.9%	11.5%	5.5%	13.9%	
(17) EBITDA	9.7%	12.4%	10.5%	12.8%	14.6%	14.8%	15.6%	15.8%	14.9%	14.8%	13.7%	14.9%	15.2%	13.9%	8.1%	16.7%	
(18) Adjusted EBITDA	9.6%	12.2%	13.0%	12.3%	13.8%	14.3%	15.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	14.2%	15.0%	15.8%	

(a) Continuing operations

(b) VITAS was acquired in February 2004. This schedule assumes VITAS was acquired January 1, 2003.

VITAS – Results from Continuing Operations

(\$000)

	(1)	(2)	(3)	(4)	(5)	(6)
	Full-Year Results			Nine Months Ended September 30,		
	2017 (c)	2018 (c)	Fav/(Unfav) % Growth	2018 (c)	2019 (c)	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 1,150,942	\$ 1,201,685	4.4%	\$ 891,245	\$ 949,194	6.5%
(2) Medicare Cap	(2,682)	(4,123)	(53.7%)	(668)	(7,915)	1084.9%
(3) Net Service Revenues and Sales	\$ 1,148,260	\$ 1,197,562	4.3%	\$ 890,577	\$ 941,279	5.7%
(4) Adj. Net Income (a)	\$ 103,121	\$ 140,710	36.5%	\$ 100,477	\$ 113,645	13.1%
(5) Adj. EBITDA (a) (b)	172,401	188,764	9.5%	136,741	150,911	10.4%
(6) Adj. EBITDA Margin (a) (b)	15.0%	15.8%	0.8 pts.	15.4%	16.0%	0.6 pts.
(7) Capital Expenditures	23,156	25,829	(11.5%)	64,088	74,197	(15.8%)

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) Reconciliation from GAAP reported results to adjusted (Non-GAAP) results is provided in the Appendix at the back of this presentation.

(c) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Future of VITAS

Short-term

- ◆ Continue organic growth
- ◆ Acquisitions
 - ▶ Fragmented industry
 - ▶ Dominated by “Mom & Pop” not-for-profits
 - ▶ Average operating margin in hospice is 4% - 8%*
 - ▶ Estimated 50% of hospices have negative margin*
 - ▶ Economies of scale
- ◆ Access to reasonably priced capital critical to expansion

Long-term

- ◆ Government reimbursement structure will drive VITAS' future
- ◆ Consolidation
 - ▶ Will “pure play” dominate industry? ➡ Consolidation continues
 - ▶ Will continuum of care dominate? ➡ Acquire other healthcare providers
 - ▶ Self referral ➡ Divest VITAS to diverse healthcare provider
 - ▶ Control of patient

*Source - MedPac

VITAS – Operating Metrics (\$000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	2015		2016				2017				2018 (d)				2019		
Operating Metrics	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(1) Average Daily Census (ADC)	15,722	15,697	15,653	15,952	16,201	16,160	16,222	16,398	16,652	16,920	17,209	17,643	17,957	18,149	18,345	18,681	19,086
(2) Admissions	16,131	15,790	16,868	16,180	16,157	15,889	17,563	16,311	16,000	16,575	18,279	16,858	16,403	16,579	17,758	17,491	17,131
(3) Discharges	15,949	15,915	16,743	15,960	15,690	16,282	17,213	16,124	15,726	16,553	17,558	16,474	16,171	16,623	17,339	17,008	16,951
(4) Average Length of Stay (ALOS) (Days):	78.6	89.8	83.7	84.2	87.7	91.4	88.7	85.2	89.5	91.4	87.9	89.0	90.0	92.6	91.3	91.1	92.6
(5) Median Length of Stay (Days)	16	17	15	16	16	16	15	16	16	16	15	17	18	17	15	16	17
(6) Total Revenue Before Medicare Cap Reduction (\$000)	\$285,008	\$284,470	\$277,528	\$278,739	\$283,093	\$284,186	\$282,316	\$284,957	\$288,951	\$294,718	\$290,195	\$297,335	\$303,714	\$310,439	\$310,181	\$315,948	\$323,065
(7) Medicare Cap Reduction	\$0	\$0	\$0	\$0	(\$228)	\$0	\$0	(\$247)	\$0	(\$2,435)	\$1,818	(\$536)	(\$1,950)	(\$3,454)	(\$3,400)	(\$3,198)	(\$1,317)
(8) Revenue After Medicare Cap Reduction (\$000)	\$285,008	\$284,470	\$277,528	\$278,739	\$282,865	\$284,186	\$282,316	\$284,710	\$288,951	\$292,283	\$292,013	\$296,799	\$301,764	\$306,985	\$306,781	\$312,750	\$321,748
(9) % Routine Home Care	78.2%	78.8%	77.4%	78.7%	79.6%	80.4%	79.9%	81.2%	81.9%	82.3%	81.5%	82.6%	83.2%	83.0%	82.0%	82.7%	83.2%
(10) % InPatient	8.5%	8.1%	9.2%	8.8%	8.4%	8.3%	8.5%	7.7%	7.8%	7.5%	7.5%	6.6%	6.3%	6.6%	7.1%	7.1%	7.1%
(11) % Continuous Care	13.3%	13.1%	13.4%	12.5%	12.0%	11.3%	11.6%	11.1%	10.3%	10.2%	10.4%	10.1%	9.8%	9.8%	10.2%	9.5%	8.9%
(12) % Other	-	-	-	-	-	-	-	-	-	-	(1.2%)	(1.9%)	(1.1%)	(1.1%)	(1.2%)	0.7%	(1.4%)
(13) % Medicare Cap	0.0%	0.0%	0.0%	0.0%	(0.1%)	0.0%	0.0%	(0.1%)	0.0%	(0.8%)	0.6%	(0.1%)	(0.6%)	(1.1%)	(0.9%)	(1.0%)	(0.4%)
Direct Care Margins: (a)																	
(14) Routine Home Care	53.7%	54.7%	52.1%	51.9%	51.4%	53.1%	51.3%	52.8%	52.4%	53.9%	52.1%	52.6%	53.0%	53.9%	52.7%	53.5%	53.4%
(15) In Patient Care	3.8%	1.3%	5.7%	4.6%	-2.4%	1.2%	5.9%	3.7%	3.4%	8.5%	7.5%	4.2%	3.1%	3.9%	6.5%	7.4%	4.1%
(16) Continuous Care	5.7%	16.1%	15.1%	13.8%	12.2%	15.8%	15.6%	18.0%	17.3%	16.8%	17.7%	17.3%	17.3%	18.4%	18.2%	17.9%	16.8%
(17) Gross Profit (Direct and Indirect) (\$000) (b) (c)	\$66,480	\$68,684	\$58,262	\$60,045	\$58,455	\$68,464	\$60,638	\$64,941	\$66,832	\$69,786	\$64,757	\$63,726	\$68,758	\$71,014	\$67,038	\$71,646	\$74,197
(18) Gross Profit Margin (b) (c)	23.3%	24.1%	21.0%	21.5%	20.7%	24.1%	21.5%	22.8%	23.1%	23.9%	22.2%	21.5%	22.8%	23.1%	21.9%	22.9%	23.1%
(19) Pro Forma Selling, General & Admin Exp (c)	\$22,241	\$23,086	\$24,783	\$22,638	\$21,775	\$23,354	\$24,294	\$24,531	\$23,783	\$22,607	\$20,510	\$20,702	\$20,394	\$19,363	\$21,536	\$21,682	\$21,965
(20) Pro Forma Adjusted EBITDA (\$000) (c)	\$45,311	\$46,404	\$35,908	\$38,631	\$38,632	\$46,225	\$38,422	\$42,601	\$43,922	\$47,456	\$44,687	\$43,110	\$48,945	\$52,024	\$46,319	\$51,616	\$52,976
(21) Pro Forma Adjusted EBITDA Margin (c)	15.9%	16.3%	12.9%	13.9%	13.7%	16.3%	13.6%	15.0%	15.2%	16.2%	15.3%	14.5%	16.2%	16.9%	15.1%	16.5%	16.5%

(a) Excludes any Medicare cap

(b) Includes any Medicare cap

(c) Excludes depreciation, amortization.

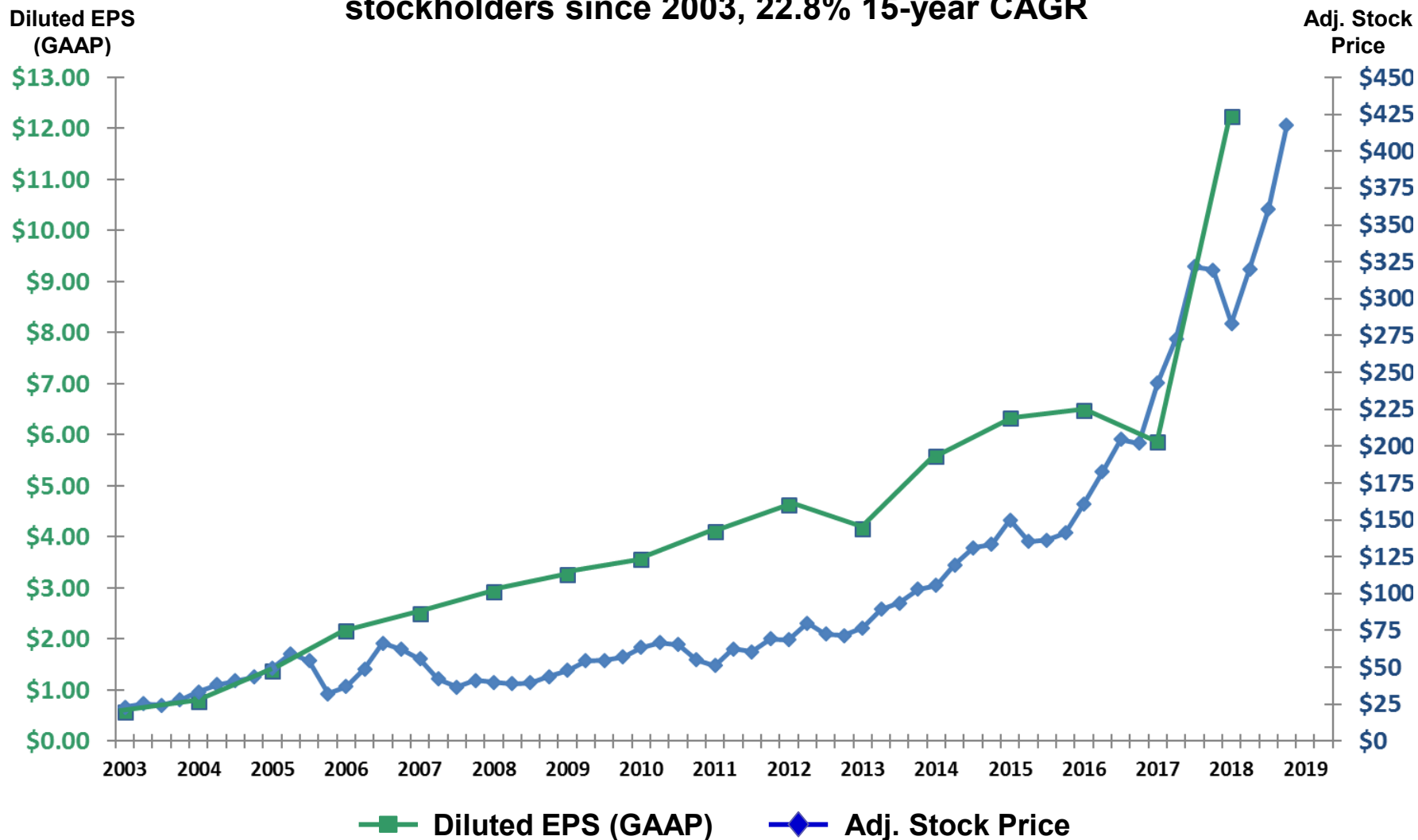
(d) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.



Appendix

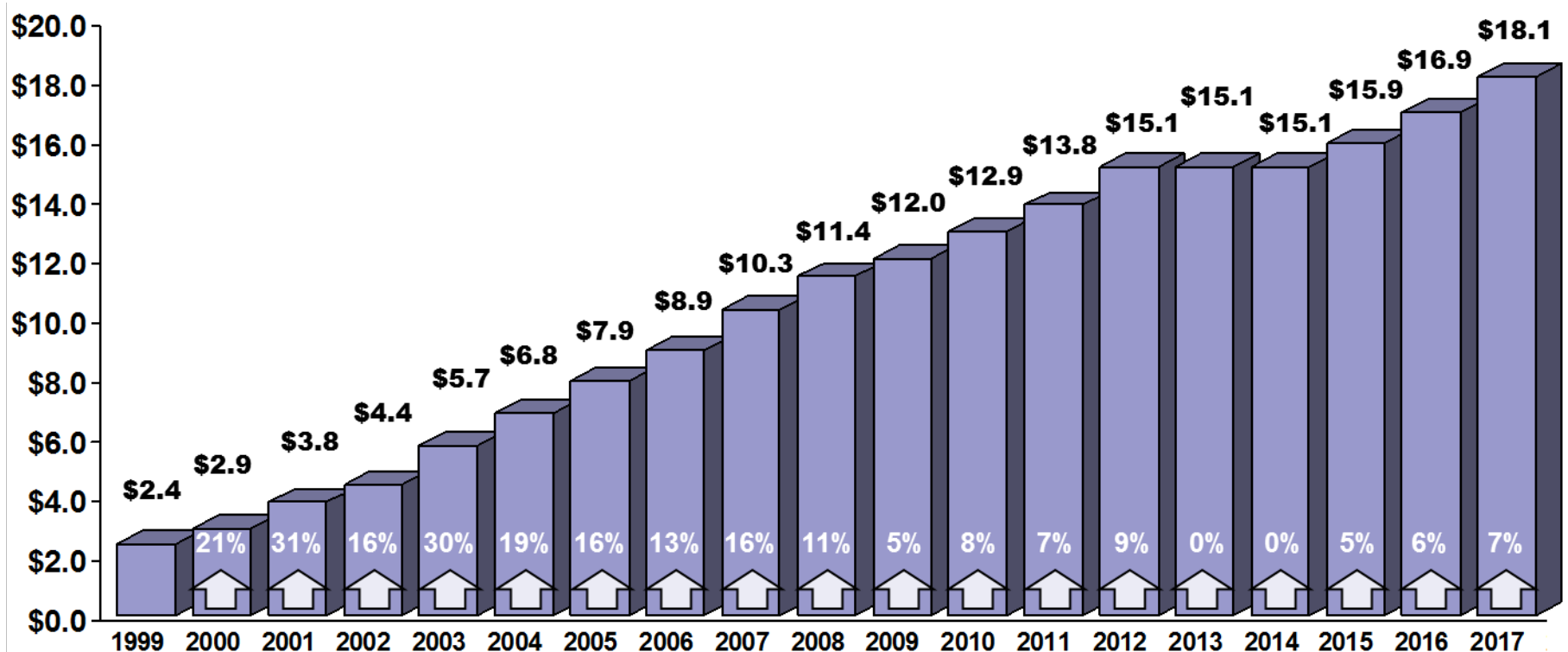
EPS⁽¹⁾ and Stock Price⁽²⁾ History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 22.8% 15-year CAGR



(1) Diluted EPS from continuing operations (GAAP)
 (2) Adjusted for stock splits

Medicare Hospice Spending (in billions)

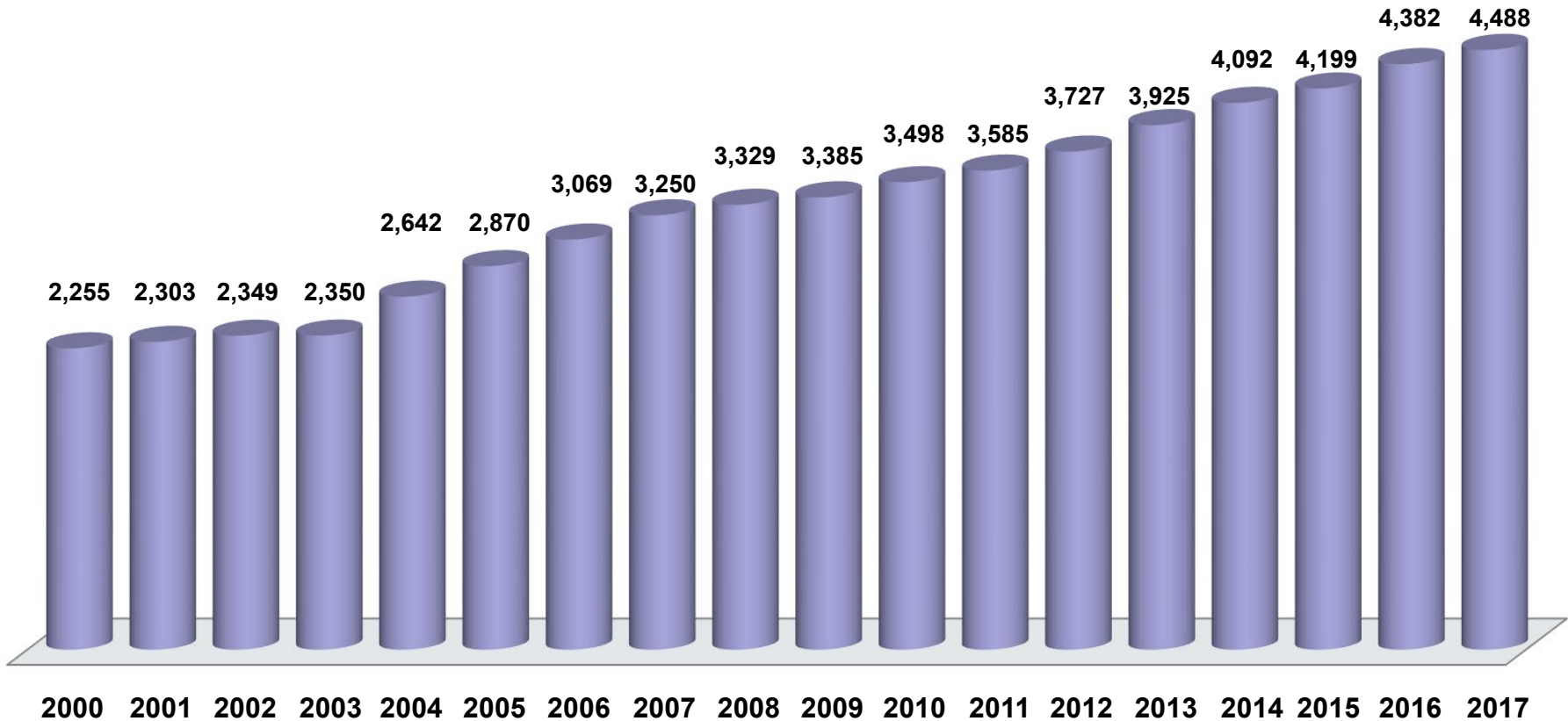


■ **11.9% Compounded annual growth rate from 1999 to 2017**

Sources: MedPAC Report to the Congress – 2011, 2012, 2013, 2014, 2015, 2017 and 2018

Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds - 2017 and 2018

Growth in Hospice Programs



Source: MedPAC Report to the Congress – 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019

CHEMED CORPORATION
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018

(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reconciliation of Adjusted EBITDA															
(1) Net income/(loss)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281	\$ 73,784	\$ 81,831	\$ 85,979	\$ 89,304	\$ 77,227	\$ 99,317	\$ 110,274	\$ 108,743	\$ 98,177	\$ 205,544
(2) Discontinued operations	(8,417)	411	7,071	(1,201)	1,088	253	-	-	-	-	-	-	-	-	-
(3) Interest expense	21,158	21,264	17,468	14,921	12,123	11,599	11,959	13,888	14,723	15,035	8,186	3,645	3,715	4,272	4,990
(4) Income taxes	13,736	18,428	32,562	37,721	47,035	46,583	52,000	54,577	56,515	46,602	63,437	69,852	68,311	18,740	34,056
(5) Depreciation	14,542	16,150	16,775	20,118	21,581	21,535	24,386	25,247	26,009	27,698	29,881	32,369	34,279	35,488	38,464
(6) Amortization	3,468	4,036	3,988	4,038	4,034	4,073	2,099	1,466	1,508	1,644	720	1,130	359	137	399
(7) EBITDA	71,999	96,106	128,515	137,238	153,142	157,827	172,275	181,157	188,059	168,206	201,541	217,270	215,407	156,814	283,453
Add/(deduct):															
(8) (Gains)/losses on investments	-	-	1,445	-	-	(1,211)	-	-	-	-	-	-	-	-	-
(9) Gain on sale of property	-	-	-	(1,138)	-	-	-	-	-	-	-	-	-	-	-
(10) Impairment loss on transportation equipment	-	-	-	-	2,699	-	-	-	-	-	-	-	-	-	-
(11) Interest income	(1,874)	(2,198)	(2,691)	(3,304)	(743)	(423)	(444)	(426)	(809)	(847)	29	(281)	(383)	(427)	(671)
(12) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(13) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)	(1,333)	(1,371)	-
(14) Long-term incentive compensation	8,783	5,477	-	7,067	-	5,007	4,734	3,012	360	1,301	2,569	7,519	1,930	4,994	6,618
(15) Loss/(gain) on extinguishment of debt	3,330	3,971	430	13,798	(3,406)	-	-	-	-	-	-	-	-	-	-
(16) Legal expenses of OIG investigation	-	637	1,068	227	47	586	1,012	1,188	1,212	2,149	2,141	4,974	5,260	5,194	-
(17) Stock option expense	-	215	1,211	4,665	7,303	8,639	7,762	8,376	8,130	6,042	4,802	5,445	8,330	10,485	12,611
(18) Stock award expense	311	886	1,267	1,232	1,890	2,294	2,558	2,786	3,004	3,046	2,471	2,107	1,855	1,230	446
(19) Lawsuit settlement	3,135	17,350	272	1,927	-	882	1,853	2,299	1,016	27,646	120	5	1,194	84,689	796
(20) Debt registration expenses	1,191	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(21) VITAS transactions costs	442	(959)	-	-	-	-	-	-	-	-	-	-	-	-	-
(22) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-	-	-	-
(23) Expenses associated with contested proxy solicitation	-	-	-	-	-	3,989	-	-	-	-	-	-	-	-	-
(24) Acquisition Expenses	-	-	-	-	-	-	324	121	188	62	24	172	-	-	757
(25) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	1,126	-	-	-	-	-	-
(26) Securities litigation	-	-	-	-	-	-	-	-	742	109	327	37	-	-	-
(27) Severance arrangements	-	-	-	-	-	-	-	-	-	302	-	-	-	-	-
(28) Early Retirement Expenses	-	-	-	-	-	-	-	-	-	-	-	-	4,491	-	-
(29) Medicare Cap Sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	228	447	1,496
(30) Other	-	-	(467)	(467)	-	-	-	-	-	-	-	-	-	-	-
(31) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,266
(32) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138
(33) Adjusted EBITDA	\$ 91,950	\$ 120,513	\$ 131,373	\$ 161,846	\$ 161,754	\$ 177,050	\$ 189,395	\$ 197,273	\$ 201,455	\$ 206,850	\$ 212,562	\$ 235,931	\$ 236,979	\$ 268,459	\$ 305,506
Reconciliation of Adjusted Net Income															
(34) Net income/(loss)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281	\$ 73,784	\$ 81,831	\$ 85,979	\$ 89,304	\$ 77,227	\$ 99,317	\$ 110,274	\$ 108,743	\$ 98,177	\$ 205,544
Add/(deduct):															
(35) Discontinued operations	(8,417)	411	7,071	(1,201)	1,088	253	-	-	-	-	-	-	-	-	-
(36) (Gains)/losses on investments	-	-	918	-	-	-	-	-	-	-	-	-	-	-	-
(37) Gain on sale of property	-	-	-	(724)	-	-	-	-	-	-	-	-	-	-	-
(38) Impairment loss on transportation equipment	-	-	-	-	1,714	-	-	-	-	-	-	-	-	-	-
(39) Severance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(40) Dividend income from VITAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(41) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(42) Long-term incentive compensation	5,437	3,434	-	4,427	-	3,134	2,957	1,880	228	822	1,625	4,752	1,221	3,243	5,307
(43) Loss/(gain) on extinguishment of debt	2,030	2,523	273	8,778	(2,156)	-	-	-	-	294	-	-	-	-	-
(44) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072	3,248	3,207	-
(45) Stock option expense	-	137	769	2,962	4,619	5,464	4,909	5,298	5,143	3,813	3,022	3,439	5,266	6,892	10,118
(46) Lawsuit settlement	1,897	10,757	169	1,168	-	534	1,126	1,397	617	16,926	74	3	28	52,504	594
(47) Prior period tax adjustments	(1,620)	(1,961)	(2,115)	-	(322)	-	-	-	-	(1,782)	-	-	-	-	-
(48) Debt registration expenses	727	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(49) VITAS transactions costs	222	(959)	-	-	-	-	-	-	-	-	-	-	-	-	-
(50) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-	-	-	-
(51) Non-cash interest on convertible debt	-	-	-	2,335	3,228	3,988	4,313	4,664	5,041	5,448	2,143	-	-	-	-
(52) Income tax impact of non-taxable investments	-	-	-	46	3,062	(756)	-	-	-	-	-	-	-	-	-
(53) Expenses associated with contested proxy solicitation	-	-	-	-	-	2,525	-	-	-	-	-	-	-	-	-
(54) Acquisition Expenses	-	-	-	-	-	-	198	75	114	38	15	104	-	-	559
(55) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-	-	-	-
(56) Securities litigation	-	-	-	-	-	-	-	-	469	69	207	23	-	-	-
(57) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-
(58) Early retirement expenses	-	-	-	-	-	-	-	-	-	-	-	-	2,840	-	-
(59) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	141	276	1,114
(60) Other	-	-	(296)	(296)	-	-	-	-	-	-	-	-	-	-	-
(61) Excess tax benefits on stock compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,932)	(22,862)
(62) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,302)	-
(63) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,314
(64) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675
(65) Adjusted net income	\$ 31,893	\$ 49,542	\$ 58,102	\$ 79,277	\$ 78,900	\$ 89,289	\$ 95,961	\$ 100,030	\$ 102,317	\$ 104,372	\$ 107,731	\$ 121,667	\$ 121,487	\$ 141,054	\$ 200,374

ROTO-ROOTER GROUP
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reconciliation of Adjusted EBITDA															
(1) Net income	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,427	\$ 33,040	\$ 31,678	\$ 34,879	\$ 30,905	\$ 29,243	\$ 42,075	\$ 48,573	\$ 52,893	\$ 73,299	\$ 98,711
(2) Interest expense	206	563	368	495	246	186	233	358	433	322	363	348	332	323	319
(3) Income taxes	10,611	16,048	18,748	24,145	20,644	20,372	19,547	21,353	18,770	17,560	25,808	29,630	32,719	32,782	28,850
(4) Depreciation	8,583	8,271	7,665	8,365	8,294	8,068	7,775	8,130	8,397	9,014	10,702	12,988	14,698	16,667	18,629
(5) Amortization	119	90	13	(60)	50	114	136	228	246	259	273	372	304	123	387
(6) EBITDA	38,314	52,598	59,248	71,916	62,661	61,780	59,369	64,948	58,751	56,398	79,221	91,911	100,946	123,194	146,896
Add/(deduct)															
(7) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)	(1,333)	(1,371)	-
(8) Long-term incentive compensation	1,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(9) Lawsuit settlement	3,135	-	-	1,927	-	882	1,853	2,299	1,016	17,146	7	5	45	213	-
(10) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-	-	-	-
(11) Interest income	(139)	(156)	(85)	(377)	(116)	(73)	(49)	(40)	(30)	(41)	(39)	(40)	(58)	(39)	(92)
(12) Intercompany interest income	(1,041)	(2,236)	(3,997)	(4,993)	(3,708)	(2,514)	(2,612)	(2,136)	(1,617)	(2,055)	(2,892)	(3,385)	(3,595)	(5,596)	(6,908)
(13) Acquisition expenses	-	-	-	-	-	-	256	(26)	173	4	23	172	-	-	548
(14) Severance arrangements	-	-	-	-	-	-	-	-	-	302	-	-	-	-	-
(15) Costs to shut down HVAC operations	-	-	-	-	-	-	-	-	1,126	-	-	-	-	-	-
(16) Stock award amortization	-	-	59	114	263	327	378	371	386	348	252	268	307	269	100
(17) Adjusted EBITDA	\$ 42,355	\$ 49,234	\$ 55,548	\$ 69,188	\$ 59,922	\$ 59,862	\$ 58,516	\$ 64,176	\$ 58,232	\$ 70,936	\$ 75,110	\$ 87,614	\$ 96,312	\$ 116,670	\$ 140,544
Reconciliation of Adjusted Net Income															
(18) Net income	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,427	\$ 33,040	\$ 31,678	\$ 34,879	\$ 30,905	\$ 29,243	\$ 42,075	\$ 48,573	\$ 52,893	\$ 73,299	\$ 98,711
Add/(deduct):															
(19) Long-term incentive compensation	982	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(20) Lawsuit settlement	1,897	-	-	1,168	-	534	1,126	1,397	617	10,416	4	3	28	129	403
(21) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-	-	-	-
(22) Prior-period tax adjustments	(630)	(1,126)	(1,251)	-	-	-	-	-	-	-	-	-	-	-	-
(23) Acquisition expenses	-	-	-	-	-	-	156	(16)	105	2	14	104	-	-	-
(24) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-
(25) Costs to shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-	-	-	-
(26) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,761)	-
(27) Adjusted net income	\$ 21,044	\$ 25,486	\$ 31,203	\$ 40,139	\$ 33,785	\$ 33,574	\$ 32,960	\$ 36,260	\$ 32,276	\$ 39,845	\$ 42,093	\$ 48,680	\$ 52,921	\$ 65,667	\$ 99,114

VITAS HEALTHCARE GROUP
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018 (a)
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Reconciliation of Adjusted EBITDA																
(1) Net income	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,304	\$ 71,696	\$ 79,796	\$ 80,358	\$ 86,577	\$ 76,144	\$ 86,186	\$ 93,346	\$ 84,961	\$ 57,645	\$ 138,846	
(2) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-	-	-	-	
(3) Interest expense	128	153	191	146	155	374	131	229	233	182	207	200	211	188	175	
(4) Income taxes	22,447	20,097	28,705	35,722	38,458	43,637	48,601	48,835	53,092	46,910	53,278	56,675	51,910	16,436	40,847	
(5) Depreciation	6,192	7,557	8,753	11,446	13,000	13,269	16,161	16,583	17,087	18,149	18,601	18,789	19,035	18,616	19,688	
(6) Amortization	3,957	3,947	3,170	3,368	3,984	3,959	1,963	1,238	1,262	1,385	447	758	55	14	12	
(7) EBITDA	65,685	65,259	89,237	110,515	119,901	132,935	146,652	147,243	158,251	142,770	158,719	169,768	156,172	92,899	199,568	
Add/(deduct)																
(8) Legal expenses of OIG investigation	-	637	1,068	227	46	586	1,012	1,188	1,212	2,149	2,141	4,974	5,260	5,194	-	
(9) Lawsuit settlement	-	17,350	272	-	-	-	-	-	-	10,500	113	-	1,149	84,476	796	
(10) Interest income	(373)	(237)	(114)	(151)	(137)	(267)	(220)	(295)	(703)	(750)	78	(241)	(325)	(388)	(580)	
(11) Intercompany interest income	(759)	(2,554)	(5,329)	(7,254)	(5,199)	(4,314)	(4,632)	(3,998)	(3,180)	(4,288)	(6,189)	(7,499)	(7,969)	(11,656)	(12,832)	
(12) Acquisition expenses	-	-	-	-	-	-	68	147	15	58	1	-	-	-	209	
(13) Stock award amortization	-	-	746	616	667	745	776	659	694	717	586	496	387	291	107	
(14) Early retirement expense	-	-	-	-	-	-	-	-	-	-	-	-	4,491	-	-	
(15) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	228	447	1,496	
(16) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138	-	
(17) Adjusted EBITDA	\$ 64,553	\$ 80,455	\$ 85,880	\$ 103,953	\$ 115,278	\$ 129,685	\$ 143,656	\$ 144,944	\$ 156,289	\$ 151,156	\$ 155,449	\$ 167,498	\$ 159,393	\$ 172,401	\$ 188,764	
Reconciliation of Adjusted Net Income																
(18) Net income	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,304	\$ 71,696	\$ 79,796	\$ 80,358	\$ 86,577	\$ 76,144	\$ 86,186	\$ 93,346	\$ 84,961	\$ 57,645	\$ 138,846	
(19) Add/(deduct):																
(20) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-	-	-	-	
(21) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072	3,248	3,207	-	
(22) Lawsuit settlement	-	10,757	169	-	-	-	-	-	-	6,510	70	-	-	52,375	594	
(23) Prior-period tax adjustments	-	-	-	-	(322)	-	-	-	-	-	-	-	-	-	-	
(24) Acquisition expenses	-	-	-	-	-	-	42	91	9	36	1	-	-	-	156	
(25) Early retirement expense	-	-	-	-	-	-	-	-	-	-	-	-	2,840	-	-	
(26) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	141	276	1,114	
(27) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	675	-	
(28) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,057)	-	
(29) Adjusted net income	\$ 32,961	\$ 44,659	\$ 49,249	\$ 59,974	\$ 64,010	\$ 72,059	\$ 80,465	\$ 81,186	\$ 87,338	\$ 84,023	\$ 87,585	\$ 96,418	\$ 91,190	\$ 103,121	\$ 140,710	

(a) Assumes VITAS was purchased on January 1, 2004

CHEMED CORPORATION
RECONCILIATION OF ADJUSTED EBITDA AND ADJUSTED NET INCOME
FOR THE FIRST NINE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

	(1)	(2)
	<u>2018</u>	<u>2019</u>
Reconciliation of Adjusted EBITDA		
(1) Net income	\$ 151,216	\$ 154,343
(2) Interest expense	3,813	3,402
(3) Income taxes	25,578	27,671
(4) Depreciation	28,642	29,744
(5) Amortization	96	1,366
(6) EBITDA	<u>209,345</u>	<u>216,526</u>
Add/(deduct)		
(7) Interest income	(528)	(387)
(8) Litigation settlement	(204)	6,000
(9) Long-term incentive compensation	4,376	4,552
(10) Non cash ASC 842 expenses	-	548
(11) Stock option expense	9,360	10,729
(12) Acquisition expenses	354	3,497
(13) Stock award amortization	446	-
(14) Impairment of transportation equipment	-	2,266
(15) Medicare cap sequestration adjustment	1,040	3,063
(16) Adjusted EBITDA	<u>\$ 224,189</u>	<u>\$ 246,794</u>
Reconciliation of Adjusted Net Income		
(17) Net income	\$ 151,216	\$ 154,343
Add/(deduct):		
(18) Long-term incentive compensation	3,515	3,915
(19) Non cash ASC 842 expenses	-	406
(20) Stock option expense	7,465	8,804
(21) Excess tax benefit on stock compensation	(18,618)	(18,737)
(22) Litigation settlement	(152)	4,476
(23) Medicare cap sequestration adjustments	777	2,279
(24) Impairment of transportation equipment	-	1,733
(25) Amortization of acquired and cancelled franchise agreements	-	811
(26) Acquisition expenses	262	2,573
(27) Adjusted net income	<u>\$ 144,465</u>	<u>\$ 160,603</u>

ROTO-ROOTER GROUP
RECONCILIATION OF ADJUSTED EBIT AND ADJUSTED EBITDA
FOR THE FIRST NINE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

		(1)	(2)
		2018	2019
Reconciliation of Adjusted EBIT and EBITDA		<u> </u>	<u> </u>
(1)	Net income	\$ 72,799	\$ 76,302
(2)	Interest expense	255	273
(3)	Income taxes	22,476	22,452
(4)	EBIT	<u>95,530</u>	<u>99,027</u>
	Add/(deduct)		
(5)	Non cash ASC 842 expenses	-	55
(6)	Interest income	(60)	(91)
(7)	Intercompany interest income	(5,231)	(6,609)
(8)	Stock award amortization	100	-
(9)	Acquisition expense	177	3,377
(10)	Adjusted EBIT	<u>90,516</u>	<u>95,759</u>
(11)	Depreciation	13,782	14,983
(12)	Amortization	96	1,313
(13)	Adjusted EBITDA	<u><u>\$ 104,394</u></u>	<u><u>\$ 112,055</u></u>

VITAS HEALTHCARE GROUP
RECONCILIATION OF ADJUSTED EBITDA
FOR THE FIRST NINE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

Reconciliation of Adjusted EBITDA		(1)	(2)
		2018	2019
(1)	Net income	\$ 99,720	\$ 106,400
(2)	Interest expense	153	150
(3)	Income taxes	30,987	33,636
(4)	Depreciation	14,753	14,644
(5)	Amortization	-	53
(6)	EBITDA	<u>145,613</u>	<u>154,883</u>
	Add/(deduct)		
(7)	Litigation settlement	(204)	6,000
(8)	Interest income	(468)	(296)
(9)	Intercompany interest income	(9,524)	(13,395)
(10)	Stock award amortization	107	-
(11)	Medicare cap sequestration adjustment	1,040	3,063
(12)	Non cash ASC 842 expenses	-	656
(13)	Acquisition expense	177	-
(14)	Adjusted EBITDA	<u>\$ 136,741</u>	<u>\$ 150,911</u>



CHEMED

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